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SENATE

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DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1986

NOVEMBER 6 (legislative day, NOVEMBER 4), 1985.—Ordered to be printed

Mr. STEVENS, from the Committee on Appropriations,
submitted the following

REPORT

[To accompany H.R. 3629]

The Committee on Appropriations, to which was referred the bill (H.R. 3629) making appropriations for the Department of Defense for the fiscal year ending September 30, 1986, and for other purposes, reports the same to the Senate with various amendments. Information is herewith presented relative to changes made:

NEW OBLIGATIONAL AUTHORITY

Total of bill as reported to Senate.....	\$282,518,718,000
Amount of 1986 budget estimate.....	303,954,033,000
Amount of House allowance.....	268,850,629,000
Amount of 1985 appropriations.....	275,383,764,000
The bill as reported to the Senate:	
Below the fiscal year 1986 budget estimate.....	21,435,315,000
Above the House allowance.....	13,668,089,000
Over appropriations for fiscal year 1985.....	7,134,954,000

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BACKGROUND

PURPOSE OF THE BILL

The purpose of this bill is to make appropriations for the military functions of the Department of Defense for the period October 1, 1985 through September 30, 1986. Functional areas include the pay, allowances and support of military personnel, operation and maintenance of the forces, procurement of equipment and systems, and research, development, test and evaluation. Appropriations for military assistance, military construction, family housing, certain nuclear weapons, and civil defense are provided in other bills.

HEARINGS

The Subcommittee on Department of Defense Appropriations began hearings on the fiscal year 1986 budget request on February 21, 1985, and concluded them on June 26, 1985, after 29 separate sessions. The subcommittee heard testimony from representatives of the Department of Defense, other Federal agencies, and from the general public. Approximately 6,929 pages of transcript were taken, the unclassified portions of which constitute the six-volume public record of testimony on this budget request.

SUMMARY OF BILL

The Committee considered a total fiscal year 1986 budget request of \$303,954,033,000 for the military functions of the Department of Defense, excluding military assistance, military construction, family housing and civil defense. The following table displays the major recommendations:

[In thousands of dollars]

	Fiscal year 1985 enacted	Fiscal year 1986 request	House allowance	Committee recom- mendation
Title I—Military personnel	67,702,758	73,425,100	70,139,851	67,783,663
(Transfer from other accounts)	(509,487)			
Title II—Operation and maintenance	77,664,654	82,450,150	77,222,362	78,835,226
(Transfer from other accounts)	(406,963)			
Title III—Procurement	97,111,404	106,813,300	86,597,212	97,880,325
(Transfer from other accounts)	(1,536,300)		(6,827,551)	(3,940,038)
Title IV—Research, development, test, and evaluation	31,187,071	39,280,100	33,152,821	35,984,121
(Transfer from other accounts)			(920,138)	(755,000)
Title V—Special foreign currency program	8,650	2,100	2,100	2,100
Title VI—Revolving and manage- ment funds	1,553,956	1,359,600	1,612,800	1,809,600
(Transfer from other accounts)				(852,100)
Title VII—Related agencies	155,271	123,683	123,483	123,683
Title VIII—General provisions (addi- tional transfer authority, sec. 8020)	(1,200,000)	(1,200,000)	(1,200,000)	(950,000)
Title IX—Counter-Terrorism Contingency Fund				100,000
Total, Department of Defense (NOA)	275,383,764	303,954,033	268,850,629	282,518,718
(Transfer from other ac- counts)	(2,452,750)		(7,747,689)	(5,547,138)
Total funding available	277,836,514	303,954,033	276,598,318	288,065,856
(Transfer authority)	(1,200,000)	(1,200,000)	(1,200,000)	(950,000)
Distribution by organizational com- ponent				
Army	71,179,699	78,201,550	69,763,834	72,052,898
(Transfer from other ac- counts)	(144,300)		(1,772,126)	(1,105,200)
Navy	93,478,158	102,017,200	91,119,387	93,872,013
(Transfer from other ac- counts)	(597,250)		(3,432,675)	(2,074,038)
Air Force	97,010,829	107,077,300	92,390,142	97,279,009
(Transfer from other ac- counts)	(1,703,200)		(2,319,776)	(1,250,400)
Defense agencies/OSD	13,179,807	16,534,300	14,871,783	17,127,315
(Transfer from other ac- counts)	(8,000)		(215,112)	(939,100)
Reserve and National Guard procurement	380,000		582,000	2,063,800
(Transfer from other ac- counts)			(8,000)	(178,400)
Related agencies	155,271	123,683	123,483	123,683
Total, Department of Defense (NOA)	275,383,764	303,954,033	268,850,629	282,518,718
(Transfer from other ac- counts)	(2,452,750)		(7,747,689)	(5,547,138)
Total funding available	277,836,514	303,954,033	276,598,318	288,065,856
(Transfer authority)	(1,200,000)	(1,200,000)	(1,200,000)	(950,000)

BILL HIGHLIGHTS

Faced with mounting pressures to reduce the Federal budget deficit, Congress has moved to restrain Government spending across the board. The military budget, containing the largest single block of controllable appropriations, has been targeted for the biggest cutbacks and the accompanying bill reflects this shift in congressional policy.

Although recommended appropriations in the bill approach the \$285,500,000,000 target allocated to the Defense Subcommittee, they represent an increase of little more than \$7,000,000,000 over appropriations enacted for fiscal year 1985. This is an increase of less than 3 percent, or an actual decline in defense purchasing power at current inflation projections. The recommendation is more than \$21,400,000,000 below the budget estimates for the bill and any further reduction, in the Committee's view, would seriously undermine the readiness and modernization initiatives that Congress has supported so strongly in recent years.

Manpower.—Dramatic improvements in the quality of personnel in the uniformed services have been one of the major success stories in the drive to improve military readiness. The Committee's recommendations are designed to sustain the remarkable improvements in recruiting, retention, and quality of life in the military services.

Military manpower levels in the Active Forces are not expanded under the Committee recommendations, however, and National Guard and Reserves forces are given only a slight increase in average strength.

In a continuing effort to reduce indirect support personnel costs, the Committee has recommended reductions of \$330,191,000 and \$477,500,000 respectively in the military and civilian personnel accounts, in effect holding active duty military and civilian work-year funding at the fiscal year 1985 levels.

In conformance with the authorization limitation which anticipates enactment of military retirement reform legislation and in response to increasing pressure to reduce defense outlays, the Committee has recommended a reduction of \$2,900,000,000 from the budget request for military retirement.

However, the Committee has deferred appropriations for the 3-percent military pay raise, leaving this requirement for a later supplemental appropriation bill. The Committee believes it is quite likely that much of the cost of this pay increase can be accommodated through various savings that are likely to materialize before Congress takes up the first supplemental appropriation bill for fiscal year 1986 in the next session.

Readiness.—Recommended funding in the operations and maintenance accounts will, in the Committee's judgment, continue to enhance readiness across all services. More than \$500,000,000 has been added to improve medical and combat readiness programs. Increases in flying hours are funded for each of the services. At the same time, favorable pricing trends have permitted the Committee to reduce O&M funding requirements by more than \$3,500,000,000. Substantial readi-

ness improvements are also recommended in the procurement accounts, including significant increases again this year for National Guard and Reserve equipment.

Modernization.—Committee recommendations continue support for increased production of modern and efficient weapons systems for the military forces. But after several years of substantial real growth, the recommended procurement funding provides less than 1-percent growth over fiscal year 1985—an actual decline in buying power when inflation is taken into account.

Major acquisitions supported by the Committee include:

- Final year production funding for the B-1B strategic bomber program.
- Increased production for tactical aircraft such as the F-15 and F-16 fighters, the C-5B transport and KC-10 tanker aircraft, and the AV-8B fighter.
- Accompanying increases in production of tactical missiles.
- Initial funding for production of the Trident II strategic missile, construction of one Trident submarine, four nuclear attack submarines, and three Aegis cruisers.

Reduced production is recommended, however, for such systems as the Peacekeeper (MX) missile and the M-1 battle tank. No production funding is recommended for the P-3 and E-6 aircraft programs sought by the Navy.

Research and development.—Carefully developed reductions, designed to restrain but not halt program growth, have been recommended for research and development. This is an activity the Committee regards as a critical investment in future national security, and spending reductions have been allocated to minimize program impact. Some \$3,300,000,000 in budget authority reductions will develop \$1,600,000,000 in outlay savings while preserving 11 percent real growth in the RDT&E program. Key programs have been funded at the full authorization levels.

The President's Strategic Defense Initiative is fully funded at the Senate authorized level, \$2,962,962,000. Continued development and flight testing of the MX Peacekeeper missile are approved, together with full funding for other key strategic programs such as the Trident II missile and the small ICBM.

The Committee has fully funded the Navy's new design SSN and SUBACS programs at authorized levels and added \$40,000,000 to continue competition in the contract design phase of this new attack submarine. Full funding is also provided for the University Research Initiatives Program. Within the Army programs, the Committee has initiated a medical research fund to help combat acquired immune deficiency syndrome [AIDS].

BILL INITIATIVES

The Committee has recommended several initiatives in the accompanying bill designed to address problems involving military sealift, coastal defense and drug interdiction, counterterrorism, and automated data processing acquisition.

First, the Committee has established the Mariner Fund, a revolving fund capitalized with \$850,000,000 in prior year Navy shipbuilding savings. This resource would become available only upon enactment of authorization for the construction and lease of cargo vessels that would be available to the Department of Defense for wartime sealift requirements.

The Committee also recommends establishing the Coastal Defense Augmentation account within Navy procurement with an appropriation of \$375,000,000. This will enable the Department to procure vessels, aircraft, and other equipment needed for Coast Guard modernization and an expanded drug interdiction capability. Several other budget increases totaling \$278,800,000 are recommended in the operation and maintenance and procurement accounts to expand Defense Department support for drug interdiction efforts.

Under a new title the Committee recommends creation of the Counter-terrorism Contingency Fund of \$100,000,000. This fund would be available to the Secretary of Defense only with the approval of the President and notification to the principal congressional committees to meet violence or threats of violence against U.S. citizens and property throughout the world.

An appropriation of \$150,000,000 is recommended to establish an ADP management fund as a central source for flexible financing of ADP equipment acquisition requirements. This fund and accompanying transfer authority will facilitate the most cost-effective acquisition policies.

PRIOR YEAR SAVINGS

The Committee has recommended the reinvestment of more than \$5,500,000,000 in prior year savings, much of it identified by the Defense Department, based on program and inflation savings. Unlike the House, however, the Committee has not recommended reappropriating these funds by extending their availability beyond the terms of the original appropriation. Accordingly, they are not scored by the Committee against the Defense bill allocations of new budget authority for fiscal year 1986.

INFLATION

Favorable inflation rates fostered by the administration's economic policies have permitted substantial reductions in Defense spending estimates. The extent of these savings, however, is a matter of dispute. In all, the House has taken more than \$2,000,000,000 in reductions based on inflation savings beyond those developed by the Defense Department as part of its \$4,000,000,000 package of program and inflation reductions earlier this year.

The Committee has carefully assessed inflation analyses by the General Accounting Office and the Congressional Budget Office, and it has reviewed the savings already taken in the form of budget revisions, reprogrammings, lapses, and congressional reductions. As a result, aside

from individual reductions recommended on specific contract or other identified program savings, the Committee has not recommended additional cuts based on inflation estimates or projections.

Although the House used inflation projections to reduce fiscal year 1986 budget estimates, the Committee does not believe Congress should abandon the full funding principle and risk undermining critical defense programs. In light of actual fiscal year 1985 data now available, the Department's inflation projections do not appear to be excessive for fiscal year 1986. Accordingly, the Committee does not concur in the additional House reductions for inflation.

As in the past, the Committee will carefully monitor Defense program funding and continue to recover any inflation savings that may occur. In this regard, the Committee endorses the House requirement for a Defense Department report to both committees on policy alternatives for inflation calculations in the procurement accounts. Details of the Committee's reporting requirements are discussed in the procurement section of the report.

CHEMICAL WEAPONS

The Department requested \$1,275,000,000 for development and procurement of chemical warfare material in the following categories:

Protective measures	\$936,000,000
Retaliatory	207,000,000
Demilitarization	132,000,000

These funds are distributed throughout this act and in the military construction appropriation bill as follows:

Operations and maintenance	\$299,000,000
Procurement	495,000,000
Research and development	434,000,000
Military construction	47,000,000

Although Congress has authorized full funding of the budgeted program, the Committee recognizes serious differences persist over the morality and justification for new weapons production. There is no serious dispute over the need to destroy existing, dangerously deteriorating munitions.

In acting on this program, the House deleted all of the \$163,646,000 budgeted for production and wrote in restrictions that are more severe than those of the authorization bill. After careful consideration, the Committee recommends that these funds be restored and that no additional restrictions beyond those already approved by Congress in the authorization process be imposed.

Testimony before the Committee and before other congressional panels has buttressed the widely held military view that the current stockpile of ineffective and hazardous munitions should be replaced for two major reasons: safety and deterrence.

The Committee agrees without question that current hazardous munitions must be eliminated. The services continue to encounter an increasing number of leaking weapons with an average of 129 yearly de-

tected in the past decade. In fiscal year 1985 alone, 207 leaking munitions were detected. The Committee also accepts the argument that the most effective means of preventing chemical warfare is to maintain a modern and effective deterrent.

In addition to funding the full authorized request, the Committee recommends an additional \$32,000,000 to accelerate the demilitarization of current weapon stocks.

The Committee's recommendations are discussed in more detail under the procurement and research and development sections of the report.

BUDGET REVISIONS

Again this year, the Department of Defense submitted major budget revisions to the authorization and Appropriation Committees of Congress but made no effort to transmit a budget amendment to implement them. Accordingly, the comparison of recommended appropriations to budget estimates are distorted and there is confusion over the nature and extent of the revisions.

The Committee strongly disagrees with the growing practice by the Defense Department of reshaping the President's budget outside the established budget process.

Bureaucratic obstacles appear to be the major cause of this drift away from the budget amendment system. The Department and the Office of Management and Budget should work closely together in removing any impediments to the expeditious approval and transmittal of budget amendments when substantial changes in the original Presidential submission are required. The Committee is not inclined to honor backdoor requests from the Department and its agencies for unbudgeted programs that are not properly justified and cleared through the budgetary review system.

RELATIONSHIP TO AUTHORIZATION

Appropriations for the procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons and equipment, operations and maintenance expenses, and for research, development test and evaluation require annual authorization pursuant to the provisions of section 412(b) of Public Law 86-149, as amended.

As previously noted, the total fiscal year 1986 budget request considered by the Committee was \$303,954,033. Of this amount, \$230,403,200,000, or 76 percent, required authorization. The following table depicts these amounts and compares them with levels authorized in S. 1160, the Department of Defense Authorization Act, 1986.

[In thousands of dollars]

	Budget estimate	Authorization	Change
Procurement	106,813,300	99,147,400	- 7,665,900
RDT&E	39,280,100	35,488,800	- 3,791,300
Operations and maintenance	82,450,150	79,291,700	- 3,158,500
Working capital funds	1,859,600	1,659,600	- 200,000
Total	230,403,150	215,587,500	- 14,815,650

COMPLIANCE WITH PARAGRAPH 12, RULE XXVI OF THE STANDING RULES OF THE SENATE

Paragraph 12 of Rule XXVI requires that Committee reports on a bill or joint resolution repealing or amending any statute or part of any statute, include "(a) the text of the statute or part thereof which is proposed to be repealed; and (b) a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions which would be made by the bill or joint resolution if enacted in the form recommended by the committee."

With respect to this bill, it is the opinion of the Committee that it is necessary to dispense with these requirements in order to expedite the business of the Senate.

COMPLIANCE WITH PARAGRAPH 7, RULE XVI, OF THE STANDING RULES OF THE SENATE

The Committee submits the following statement in compliance with paragraph 7 of rule XVI of the Standing Rules of the Senate, which requires the Committee to identify "each recommended amendment which proposes an item of appropriation which is not made to carry out the provisions of an existing law, a treaty stipulation, or an act or resolution previously passed by the Senate during that session."

The following items of appropriation are in excess to an existing authorization or have not been previously authorized:

In title II of the bill—

"Operation and Maintenance, Army Reserve": \$793,100,000.

"Operation and Maintenance, Air Force Reserve": \$910,200,000.

"Operation and Maintenance, Army National Guard": \$1,656,100,000.

In title III of the bill—

"Procurement of Ammunition, Army": \$2,588,213,000.

"Shipbuilding and Conversion, Navy":

MCM mine countermeasures ship program, \$197,200,000,

ARTB nuclear reactor training ship conversion program,
\$190,000,000;

"Other Procurement, Navy": \$6,463,560,000.

COASTAL DEFENSE AUGMENTATION

For the augmentation of the United States Coast Guard inventories to meet national security requirements, \$375,000,000, to remain available until expended: Provided, That these funds shall be for the procurement by the Department of Defense of vessels, aircraft, and equipment and for modernization of existing Coast Guard assets, to be made available to the Coast Guard for operation and maintenance.

"Aircraft Procurement, Air Force":

Provided, That of the amounts transferred not to exceed \$280,000,000 shall be available only for the competitive procurement of Air Force One mission replacement aircraft

of which \$200,000,000 shall be available to initiate the air defense aircraft competition as authorized by law

"Other Procurement, Air Force": \$8,831,674,000.

"National Guard and Reserve Equipment":

Army Reserve, \$440,000,000.

Army National Guard, \$698,800,000, of which not more than \$40,000,000 may be used for minor projects to facilitate the delivery, storage, training and maintenance of Army National Guard equipment;

Air National Guard, \$300,000,000;

Naval Reserve, \$255,000,000;

Marine Corps Reserve, \$140,000,000;

Air Force Reserve, \$230,000,000,

In all: \$2,063,800,000.

MARINER FUND

The following unobligated balances of Shipbuilding and Conversion, Navy, appropriations shall be transferred to the Mariner Fund: fiscal year 1982/1986, \$38,400,000; fiscal year 1983/1987, \$328,000,000; fiscal year 1984/1988, \$346,700,000 and fiscal year 1985/1989, \$139,000,000: Provided, That this paragraph shall be effective only upon enactment of legislation establishing a Mariner Fund for construction and lease of militarily useful vessels.

ADP MANAGEMENT FUND

For the purchase of automated data processing [ADP] equipment: \$150,000,000.

In title IX of the bill—

TITLE IX

COUNTER-TERRORISM CONTINGENCY FUND

For the Counter-terrorism Contingency Fund, \$100,000,000, for use by the Secretary of Defense only with the approval of the President upon notification to the Appropriations, Armed Services, and Intelligence Committees of the House and Senate. Use of the Counter-terrorism Fund shall be limited to those operational contingencies involving the threat of or use of violence directed against United States personnel or property: Provided, That these funds shall be available only to duly constituted Armed Forces and agencies of the United States and shall not be used to support, directly or indirectly, any other military or paramilitary group, movement, organization, entity, or activity.

COMPLIANCE WITH SECTION 308 OF THE BUDGET CONTROL ACT

Section 308(a) of the Budget Control Act (Public Law 93-344) requires that this Committee include in its report specific budgetary information on the status of recommended appropriations relative to the first concurrent resolution. The following table provides these data:

BUDGETARY IMPACT OF BILL

PREPARED BY THE CONGRESSIONAL BUDGET OFFICE PURSUANT TO SEC. 308(a),
PUBLIC LAW 93-344

[In millions of dollars]

	Budget authority		Outlays	
	Committee allocation	Amount in bill	Committee allocation	Amount in bill
Comparison of amounts in the bill with the Committee allocation to its subcommittees of amounts in the First Concurrent Resolution for 1986: Subcommittee on Defense	285.5	282,519	252.2	251,225
Projections of outlays associated with budget authority recommended in the bill:				
1986				² 158,267
1987				70,213
1988				34,713
1989				10,558
1990 and future year				9,148
Financial assistance to State and local governments for 1986 in the bill				

¹ Includes outlays from prior-year budget authority.

² Excludes outlays from prior-year budget authority.

REPROGRAMMING OF APPROPRIATED FUNDS

In its report on the fiscal year 1974 Defense appropriations bill (S. Rept. 93-622), the Committee directed the Department of Defense to utilize the available reprogramming flexibility in order to meet unan-

ticipated or higher than programmed funding requirements. For fiscal year 1984, the Committee considered 92 reprogrammings with a total dollar value of \$2,532,391,000. Sixty-three of these reprogrammings were approved by the Committee either in whole or in part. The total amount approved was \$1,470,835,000. A statistical summary of these reprogramming actions during the last decade is shown below:

DEPARTMENT OF DEFENSE REPROGRAMMINGS

[Dollars in millions]

Fiscal year	Number of actions	Value of program increase proposals
1975	45	\$1,446
1976 (and transition quarter)	43	791
1977	55	1,036
1978	66	1,237
1979	60	1,163
1980	71	1,217
1981	50	937
1982	73	1,648
1983	93	2,528
1984	97	1,625
1985	92	2,532

TITLE I

MILITARY PERSONNEL

Funds appropriated under this title provide for the pay, allowances, subsistence, permanent change of station travel, and various other entitlements of the uniformed members of our Armed Forces. The level of active duty military personnel requested in the President's fiscal year 1986 budget is 25,630 above the end strength funded for fiscal year 1985, while the average strength of the Reserve components requested by the administration is 30,638 above the fiscal year 1985 level.

PAY AND ALLOWANCES

A total of \$58,152,132,000 is requested for the pay and other entitlements of active duty officers, enlisted personnel, and cadets at the military academies. This includes basic pay, special and incentive pays, quarters, uniform, subsistence, and separation allowances—except for enlisted personnel subsistence—the U.S. Government's contribution to the Social Security Fund and other applicable allowances. This function also includes enlistment and reenlistment bonuses in the case of enlisted personnel. Beginning in fiscal year 1985, the accrual costs of military personnel retirement are funded in this function.

SUBSISTENCE OF ENLISTED PERSONNEL

This activity reflects the cost of feeding enlisted personnel, either for food served in dining halls—subsistence-in-kind—or in the form of cash allowances for those members authorized to subsist elsewhere. A total of \$2,974,810,000 is requested for this activity in fiscal year 1986.

PERMANENT CHANGE OF STATION TRAVEL

The \$2,867,709,000 requested for permanent change of station [PCS] travel in fiscal year 1986 supports the rotation of military personnel between permanent duty stations. It covers the cost of travel of the member and his dependents, either by commercial or organic means, per diem allowances at prescribed rates, transportation and nontemporary storage of household goods, and other related costs.

OTHER MILITARY PERSONNEL COSTS

The \$344,049,000 requested for this activity provides funds for the apprehension of military deserters, absentees, and escaped military pris-

oners; for the payment of death gratuities to beneficiaries of deceased military personnel; and for unemployment compensation.

GUARD AND RESERVE PAID DRILL AND INITIAL TRAINING

The \$5,168,560,000 requested for this activity includes the costs of the Selected Reserve, members of which attend prescribed numbers of inactive duty training assemblies, ranging from 24 to 48 drill periods per year, as well as 2 weeks active duty for training annually. Beginning in fiscal year 1985, accrual costs of retirement are funded in this function.

OTHER TRAINING AND SUPPORT

This activity, budgeted at \$3,917,840,000, supports school and special training for Reservists, administration and support of Guard and Reserve units, and the costs of those members of the Individual Ready Reserve who perform only 2 weeks active duty for training each year. This activity also includes the costs to support personnel undergoing training through the Reserve Officers Training Corps and the Health Professions Scholarship Program to become commissioned officers of the Armed Forces. Beginning in fiscal year 1985, accrual costs of retirement are included in this function.

The following table displays major elements of the fiscal year 1986 request for military personnel. The functions and activities for which appropriations are made are described briefly below.

MILITARY PERSONNEL COMPARATIVE TABLE

[In thousands of dollars]

	Fiscal year 1986—			
	Fiscal year 1985 enacted	Budget estimate	House allowance	Committee recommendation
Funding by service component:				
Army	21,437,593	22,712,000	21,761,423	21,109,765
Navy	15,660,246	17,221,400	16,472,073	15,838,363
Marine Corps	4,910,206	5,217,400	5,041,377	4,835,456
Air Force	17,826,830	19,187,900	18,341,185	17,688,587
Army Reserve	2,084,100	2,394,400	2,159,254	2,203,014
Navy Reserve	1,132,319	1,353,600	1,297,123	1,264,334
Marine Corps Reserve	271,778	290,000	278,842	272,200
Air Force Reserve	567,476	622,500	597,153	583,330
Army National Guard	2,926,100	3,430,800	3,238,217	3,062,098
Air National Guard	886,110	995,100	953,204	926,516
Total budget request.....	67,702,758	73,425,100	70,139,851	67,783,663

SUMMARY OF COMMITTEE ACTION

The Committee is recommending a total of \$67,783,663,000 in appropriations for Active and Reserve personnel costs in fiscal year 1986. This amount is \$5,641,437,000 below the budget request and \$2,356,188,000 below the House allowance. Explanation of the Committee's actions can be found in the following pages.

MILITARY STRENGTH ADJUSTMENTS

For the Active Forces, military manpower is authorized each year in terms of end-of-year strength, while for the Reserve components the annual authorization is in terms of average strength. The fiscal year 1986 authorization, increased the end strength of the Active Forces by 14,900, over the fiscal year 1985 level, and raised the average strength of the Reserve Forces by 37,714. The table below summarizes the adjustments in the fiscal year 1986 authorization to the services' manpower requests:

MILITARY STRENGTH

		Fiscal year 1986—				
		Fiscal year 1985 enacted	Budget estimate	Authori- zation	House allowance	Committee rec- ommendation
Active Forces (end strength)						
Army	780,800	780,800	780,800	780,800	780,800	780,800
Navy	571,300	586,300	581,300	581,300	581,300	581,300
Marine Corps	198,300	199,500	198,800	198,800	198,800	198,800
Air Force	602,070	611,500	606,470	606,470	606,470	606,470
Total Active Forces ..	2,152,470	2,178,100	2,167,370	2,167,370	2,167,370	2,167,370
Guard and Reserve (in average strength):						
Army Reserve	278,094	291,921	290,639	291,921	290,639	290,639
Navy Reserve	123,900	134,400	134,212	134,212	134,212	134,212
Marine Corps Reserve ..	40,150	41,900	41,900	41,900	41,900	41,900
Air Force Reserve	72,900	75,600	75,600	75,600	75,600	75,600
Army National Guard ..	432,880	444,000	440,025	444,000	440,025	440,025
Air National Guard	105,438	108,700	108,700	108,700	108,700	108,700
Total Guard and Reserve	1,053,362	1,096,521	1,091,076	1,096,333	1,091,076	1,091,076

The military personnel budget requests are determined primarily by the average strength, or man-year programs, which the services estimate as required to meet their end strength goals. The end strength goal, however, does not automatically dictate a specific man-year program. Estimates for accession planning, attrition and retirements, for example, must be considered in establishing the total man-year program necessary to meet the authorized end strength.

MILITARY FORCES

The Committee recommends appropriations totaling \$59,472,171,000 for the Active Forces and \$8,311,492,000 for the Reserve Forces. This is \$4,866,529,000 and \$774,908,000 below the respective budget requests and \$2,143,887,000 and \$212,301,000 below the House allowances.

MILITARY MANPOWER AND PAY ADJUSTMENTS

Active forces.—As discussed later in this title, in its continuing effort to reduce indirect support personnel costs, the Committee recommends a reduction of \$330,191,000 to the active military manpower accounts. While this reduction does not mandate specific end strengths, it is the Committee's estimate that it would require a freeze in active duty military manning at the fiscal year 1985 levels. This Committee reduction and the House reduction of \$104,000,000 for fiscal year 1986 authorization adjustments to active military end strength are distributed as follows:

	House reduction	Senate reduction
Navy	\$47,000,000	\$187,347,000
Marine Corps	6,000,000	13,713,000
Air Force	51,000,000	129,131,000

Reserve components.—The fiscal year 1986 authorization conference reduced full-time support manning for the Guard and Reserve components by 10,005, with associated reductions of 5,424 in average strengths. The Committee recommends a reduction of \$196,300,000 from these programs, the same as estimated by the Department of Defense. The House recommended a reduction of \$195,530,000 based on the authorized full-time strength adjustments in the Army Guard, Army Reserve, and Navy Reserve. The House further recommended that Army Guard and Reserve average drilling strengths be proportionately increased to offset the Active Guard and Reserve decreases. To fund these increases, the House added \$18,061,000 for the Army National Guard and reduced by only \$20,000,000 an estimated \$50,000,000 Army Reserve surplus. These actions would raise the total selected Reserve strengths for the Army to the levels requested in the fiscal year 1986 budget.

Military pay raise.—The Committee supports the October 1, military 3 percent pay raise but considers it appropriate to provide funding through a supplemental request later in the fiscal year. Delaying funding of the military pay raise provides additional time for the Department of Defense and the Congress to identify program slippages and cost savings which historically have helped reduce the funding requirement substantially. The Committee believes the amount required to be appropriated for the military pay raise will closely reflect the levels funded in fiscal year 1985 and in previous years.

The Committee does not agree with the House position which appropriates \$1,698,750,000 for the military pay raise, but requires a 10-percent absorption (\$188,750,000) by each of the active and Reserve components. An across-the-board absorption of this magnitude does not address the requirements of the individual services.

MILITARY RETIREMENT

The Committee recommends a reduction of \$2,900,000,000 from the budget request for military retirement in fiscal year 1986, in conformance to the obligation levels established in the 1986 Defense Authorization Act. This is \$196,920,000 below the House allowance.

The authorization established spending ceilings at less than the amount required for military pay in anticipation of enactment of legislation to reform military retirement. The amount the Defense Department must pay for military retirement is not changed by lowering the ceilings, however. Unless the Congress enacts retirement reform which saves \$2,900,000,000, the Defense Department will be faced with a shortage of funds to pay its military personnel.

The Committee endorses the need to reform military retirement but is concerned that underfunding this entitlement requirement will only result in destabilizing military personnel management. Despite this risk of underfunding the retirement program, the Committee will accept the authorization limitation on this item. The need to reduce defense outlays to stay within the budget resolution target was a major factor in this decision.

The Committee considered recommending a general provision allowing the Defense Department to obligate \$2,900,000,000 in excess of the authorized level on or after September 1, 1986, only if the Congress failed to enact legislation reducing the amount required to be transferred to the trust fund by \$2,900,000,000. The pressure to reduce outlays led the Committee to abandon this approach.

The Committee is also concerned with the methodology used to support a fiscal year 1986 savings claim of \$2,900,000,000, when there is no intention of reducing the retirement benefits of military who are currently in the service or already retired. All savings are expected to apply only to the benefits of those members who have not yet entered the service. It should be made clear that even if retirement reform is passed, actual Government outlays will not be lowered for the next 20 years. Second, by lowering the amount transferred to the retirement fund in fiscal year 1986 the authorization would actually increase the unfunded liability of the Government in meeting its military retirement entitlements, even assuming enactment of retirement reform.

The concept of accrual accounting which determines how much is budgeted for military retirement is predicated on funding the anticipated cost of retirement of those military currently in the service and reducing the unfunded liability of the military retirement system over time. By law an estimate of the accrued benefits of 1 year of service for current service members is the basis for determining the annual retirement funding requirement.

The system is supposed to calculate how much is earned in anticipated retirement benefits and that amount is then transferred to a trust fund in the Department of the Treasury. For simplicity, a single estimate is used to calculate the retirement benefits of all current service members. Up through 1986, this calculation is based only on those who

enter the force during that fiscal year. This is scheduled to change in 1987. While this is a standard actuarial tool, it greatly distorts the true accounting of costs when changes are made in the retirement benefits of only those individuals who are entering the force in the current fiscal year. If, as anticipated in the authorization, the benefits of those entering the force in fiscal year 1986 are greatly reduced, the effect of the methodology is to underfund the accrued benefits of those members who were in the force prior to the current fiscal year. Thus, the unfunded liability of the retirement fund is increased, while inflated savings are claimed in the current fiscal year. This methodology clearly jeopardizes the concept of accrual accounting military personnel benefits. The Committee finds this approach objectionable and does not endorse the calculation of \$2,900,000,000 savings.

REDUCING INDIRECT SUPPORT PERSONNEL

The Committee recommends a freeze on military and civilian manpower funding at the fiscal year 1985 levels, which is \$807,691,000 below the budget request and \$431,191,000 below the House allowance. Active duty military work-years have been reduced by \$330,191,000 and civilian pay funding by \$477,500,000. The civilian personnel reduction is addressed in the operation and maintenance section of this report.

The Committee has examined this issue throughout fiscal year 1986 in hearings and through other meetings with defense personnel. The Committee is quite concerned with increases in administrative and support functions of the Defense Department during the past few years. As the growth in defense spending has lessened, it is now even more critical for the Defense Department to eliminate duplicative administrative functions and concentrate on the most effective use of military and civilian personnel resources.

The Committee has scrutinized personnel requirements throughout its budget deliberations this year. It is clear to the Committee that the military requirements of the Defense Department do not justify the levels of personnel that are currently in the civilian and military work force, particularly in the areas of administration and indirect support. The Committee seriously considered mandating a 5- to 10-percent reduction to indirect support personnel, but has decided only to recommend a freeze on funding at fiscal year 1985 levels for military and civilian work-year costs.

The Committee directs that the full \$807,700,000 reduction be implemented by reducing manpower costs. The Committee recognizes the reduction is fully achievable simply through attrition. However, the Committee is convinced that significant management improvements and manpower savings can and should be achieved by reducing and eliminating bureaucratic layering and ending other wasteful practices, instead of relying on attrition to meet this reduction. Rather than direct specific realignments and reorganizations, the Committee will simply suggest areas which it believes the military departments should examine for manpower reductions. These suggestions include those ongoing ef-

forts within the Defense Department to streamline bureaucracies and other manpower saving programs, along with some areas in which the Committee believes improvements can be made. The Defense Department can be assured the Committee will be paying very close attention to efforts to streamline bureaucracy, minimize unnecessary units and layers, and eliminate wasteful personnel practices in the coming years.

Army improvements.—The Committee remains very supportive of the Army in its efforts to expand its force structure without increasing its military manpower. The Army is creating two new light divisions while maintaining a fixed military manpower level. The Committee believes the other services could achieve similar results by following the Army's example in this matter.

One manpower savings technique the Army has employed is to streamline its heavy divisions by eliminating unnecessary functions. A second element in lessening the requirement for military personnel has been to change certain occupations from military to civilian positions. The Committee is concerned with any unwarranted personnel growth, but does commend the Army for making proper choices in exchanging civilian for military personnel when it is not necessary to have a military person in the position. In many cases civilian employees, especially indirect-hire foreign nationals, are significantly less expensive than military. Second, civilianization allows the service to allocate military personnel more effectively, minimizing the need for military manpower increases. To the extent that civilianization occurs without increasing the overall civilian work force the Committee has no objections. However, the Committee believes streamlining both military and civilian personnel would be a more effective way to improve manpower utilization.

Reorganizations.—The Committee also supports efforts within the Defense Department to eliminate unnecessary layering. Most notable of these achievements is the Navy's decision to eliminate the Navy Material Command, an organization which seemed to have outlived its usefulness. The Committee has discussed the apparent lack of necessity for CNM in the past and is encouraged the Navy has taken this action. Other services should follow the Navy's lead in examining their acquisition and logistics branches for possible streamlining. The Committee also supports the Defense Department's decision to eliminate the Defense Audiovisual Agency to the extent that this move will reduce bureaucracy and save resources. Recommended reductions have been made in each of these programs. These issues are discussed in greater detail in the Navy and Defense Agencies operating account sections.

Strategic Air Command military manpower.—In reviewing the personnel and management structure of the Strategic Air Command, the Committee questions the emphasis on military personnel to fulfill support functions at SAC bases when there is little of a deployable or followup mission at these bases. For example, one would not expect much of a need for rapid runway repair, or for large scale deployment of support, maintenance, or transportation units. These factors lessen the requirement for military. Certainly the necessarily high state of readiness is an

element which mandates a portion of the work force be military, but the Committee is concerned the proportion of military to civilians might be unnecessarily high in this command.

Multiple space commands.—The Committee questions the need for more than one space command. Both the Air Force and Navy have independent space commands in addition to a joint space command. The Committee believes the the Secretary of Defense would be wise to examine this apparent duplication and eliminate unnecessary aspects. A further curiosity in the space business is the fact that the newly created Navy Space and Warfare Systems Command does not have jurisdiction over the Navy Space Command. This too, appears to be a misuse of resources and duplication of administrative requirements. The Navy should reexamine this issue.

NATO SUPPORT

For several years the Committee has expressed concern over persistent growth in the commitment to support NATO. The Committee fully concurs in the current limits on U.S. troops stationed in Europe and recognizes many benefits of a permanent ceiling. The limit is an effective technique to force the services to analyze their manpower requirements. This is apparent in the case of the Army which has been reducing its military manpower assigned in Europe while enhancing its real fighting force with the addition of the multiple launch rocket system and with plans to increase aviation assets in Europe in the coming years.

Conversely, the Air Force views the ceiling on troop strength as an imposition forcing it to reduce combat capability. Considering the level of indirect support at each Air Force installation, the overhead functions which outstrip those of the other services, and the unnecessary emphasis on quality of life which could be a detriment to combat capability, the Committee believes it must instruct the Air Force to reexamine its personnel structure, requirements, and policies. Additional comments on the Air Force presence in Europe and recommended funding adjustments are included in the relevant section of this report.

Duplication of NATO headquarters.—The Committee has questioned witnesses on the number of administrative headquarters and activities in Europe. Considering the need to manage personnel under the troop strength ceiling, it is somewhat surprising that more has not been done to minimize unnecessary layers.

The Committee understands many military assigned to national headquarters in peacetime will be moved to NATO organizations in the event of war, but it questions the need to maintain large peacetime staffs at national headquarters while many of these functions are duplicated at NATO organizations. While the top leaders are frequently dual-hatted, representing both NATO and U.S. interests, most staffs are either NATO or United States. The separate staff policy creates unsupportable situations, as is the situation at U.S. Air Forces, Europe [USAFE] headquarters. In one building both the NATO command

(Allied Air Forces in Central Europe) and USAFE are located. Yet until recently there was no communication between staffs. The Committee believes significant manpower and support savings would accrue from the combination of NATO and U.S. national staffs for most functions.

Similar questions can be raised with the existence of both the U.S. European Command [EUCOM] in Stuttgart and the NATO headquarters command [SHAPE] in Brussels as well as the duplication which occurs between EUCOM and the service component headquarters. EUCOM is the JCS unified command in Europe. Unlike most other JCS commands which have a major warfighting role, EUCOM has a minimal anticipated combat mission, that of coordinating U.S. logistics, while warfighting will be conducted through SHAPE. Nonetheless, the United States has approximately 1,000 personnel assigned to EUCOM activities. In many areas EUCOM duplicates efforts undertaken at SHAPE or at the service component headquarters. The Committee believes EUCOM could be an effective peacetime command, but the service component headquarters currently fulfill most of these requirements.

One new arena for EUCOM responsibility is in managing overall European troop strength. The Committee believes EUCOM involvement in this task is a positive step. Other areas in which EUCOM could increase its role would be in determining overall force structure requirements in Europe, cross-service manpower requirement comparisons and resource allocation decisions. The Committee is pleased that the Commander in Chief of EUCOM is playing a more active role in resource allocations through the planning, programming, and budgeting system process, but believes much more could be done in this area. More effective use of the centralized EUCOM command could lead to lessened requirements for administrative manpower in Europe throughout the component headquarters.

U.S. Naval Force in Europe headquarters.—Currently the U.S. Naval Forces in Europe [NAVEUR] Command has a split headquarters function. The Commander in Chief is located in the Naples, Italy, area and the headquarters staff in London, England. The largest naval presence in Europe is in the Mediterranean region with the sixth fleet and other air assets in the area. The idea of consolidating the headquarters activity in Italy has been considered several times since the end of World War II. Examining reports on relocation studies reveals little reason not to move the headquarters. Political and cost considerations have been overstated when compared to the expected benefit of proximity to the actual U.S. naval presence in Europe.

The Committee believes it might be more advantageous to have the headquarters located in the Mediterranean area for peacetime operations. Significant manpower savings and better operational control could result from the Navy's decision to collocate NAVEUR headquarters and the Navy's Mediterranean Air Command. As such, the Committee requests that the Navy reexamine this possibility and report by August 1986 on its decision.

However, the Committee is concerned about the posture in Northern Europe to support operations in a NATO contingency. The North Atlantic and European coasts would become the main focus of naval action in support of the northern flank (Norway) and the reinforcement of Central Europe by sea. Therefore, it should be clear that the Committee is not advocating eliminating all U.S. naval presence from Northern Europe. The Committee recognizes that the Navy needs to maintain its oversight of this critical region and suggests the Navy consider strengthening the Eastern Atlantic Command [COMEASTLANT] and examine the possibility of combining this organization with the Fleet Marine Force, Europe [FMFEUR].

The Committee is aware the naval base in Naples is not at this time large enough to accommodate the relocation of the headquarters activity. However, there are plans to construct a new facility in the Naples area. The Committee believes this facility could be designed to house NAVEUR headquarters, and expects this option will be considered in the decision to relocate NAVEUR headquarters.

COMMAND STRUCTURE

Since 1980, there have been numerous changes to the command structure in the Defense Department with which the Committee has expressed its disagreement. Too often, the changes in commands have created unnecessary layering, additional bureaucracies, and lessening of operational accountability and control, as well as higher manpower requirements.

In 1983, the Committee objected to the creation of the Central Command as a replacement for the rapid deployment joint task force. Last year, the Committee denied funding and a later reprogramming to establish an Army Component Command, USARSO, in Panama for the Southern Command. The Committee will continue to oppose the creation of USARSO unless it is informed that the creation will not exceed the management headquarters limitations in law, nor create a higher grade structure of military personnel in the region, nor increase the ratio of officers to enlisted.

The Committee is particularly concerned with more recent efforts to expand or alter command structures. In August, the Secretary of Defense gave initial approval to a plan to establish the Atlantic Fleet Command [CINCLANTFLT] as a separate four-star command. This command had been integrated into the Atlantic Unified Command [CINCLANT], and the Committee believes the creation of yet another four-star command may be a move in the wrong direction, particularly in light of increasing restraints on military and civilian manpower growth.

The Committee is also disturbed by reports that changes are planned for the military command structure in Alaska. Details and justification for this change have not been officially provided to the Committee.

The Committee believes the Department of Defense should not reorganize these two commands until the changes have been reviewed by

the Congress. Therefore, a general provision is recommended prohibiting the implementation of major command changes in fiscal year 1986. This will permit thorough congressional review of the military command structure as a whole and the specific changes being proposed in particular.

Other areas.—The Committee is convinced that an examination of those areas addressed above will provide significant manpower savings. This list is not to be considered all inclusive but represent a few areas the Committee has explored. The Committee will continue to examine the manpower requirements of the Defense Department with an emphasis on streamlining administrative and indirect support requirements. It is the firm view of the Committee that the Defense Department should examine the areas discussed above and make necessary adjustments to achieve manpower reductions in fiscal year 1986 and the commensurate cost savings.

ALLOWANCES AND BONUSES

Selective reenlistment bonus [SRB].—The fiscal year 1986 Department of Defense request for selective reenlistment bonuses is \$632,793,000, an increase of \$110,458,000 over fiscal year 1985, and \$226,219,000 over fiscal year 1984. Since fiscal year 1984, the total selective reenlistment bonus budget request is up 55.6 percent, with new payment funding increasing by 32 percent. The average bonus payment amount has increased by 18.8 percent and nearly 250,000 service members are currently being paid incremental selective reenlistment bonuses.

In addition to a \$66,412,000 congressional reduction in fiscal year 1985, the services internally reprogrammed \$32,612,000 from funds available for SRB's. The Committee understands that even after these service-initiated decreases, the Air Force, Navy, and Marine Corps will not be able to expend remaining fiscal year 1985 selective reenlistment bonus funds as programmed.

Reenlistment rates are stable, overall retention is high, and the budgeted end strength increases have been reduced. The Committee believes the requested fiscal year 1986 increase for selective reenlistment bonuses—like those in prior years—is excess to the actual needs of the services. Accordingly, the Committee recommends a reduction of \$82,793,000 from the Department of Defense request. The allowance of \$550,000,000 will provide an increase of 5 percent in new payments for each service over the current projections of program execution for fiscal year 1985, and will fully fund prior obligated anniversary payments. The House recommended a reduction of \$15,250,000 from the fiscal year 1986 selective reenlistment bonus request.

Variable housing allowance reforms.—Currently, all service members in the same grade and location receive the same variable housing allowance, regardless of actual expenses. The Committee supports authorization action which limits housing overpayments to one-half the difference between actual housing costs and combined variable and basic housing allowances, and estimates \$49,900,000 in savings associated with

this limitation in fiscal year 1986. The House assumes a \$27,000,000 decrease in the funding requirement.

The Committee also supports changes in the Defense Authorization Act, 1986, which mandate other administrative reforms in the VHA program. These reforms should enhance the program's fairness and cost effectiveness.

Rent plus VHA in Alaska and Hawaii.—The authorization replaces the overseas station housing allowance in Alaska and Hawaii with the variable housing allowance, but grandfathers the status quo for service members already housed under the current allowance. While the Committee will not oppose this provision, it rejects the House reduction of \$7,300,000 based on savings achieved by this change, which the Committee views as unsubstantiated.

The Committee remains concerned that VHA may be inappropriate for meeting the unique requirements for military members stationed in Hawaii and Alaska. As such, the Committee will monitor implementation of the variable housing allowance in these two States, to ensure that members stationed in Alaska and Hawaii are not forced to absorb more housing costs than individuals stationed in the continental United States.

PERMANENT CHANGE OF STATION TRAVEL

The fiscal year 1986 appropriation request includes \$411,800,000 for new and increased permanent change of station travel allowances. The Committee believes that individual service members should be fairly reimbursed for expenses incurred as a result of Government-directed PCS moves and recommends funding for all of these budgeted initiatives, adjusted to reflect reduced costs due to the delay in implementation pending authorization and appropriations action.

Committee adjustments.—The Committee recommends appropriations of \$110,482,000 for reimbursement of temporary lodging expenses of up to \$440 per PCS move in the continental United States. The House allowance is \$132,472,000.

Since junior enlisted personnel can least afford out-of-pocket expenses during PCS moves, the Committee also recommends \$17,556,000 to fund the fiscal year 1986 request for reimbursement of travel expenses of junior enlisted dependents within the continental United States. Officers and other enlisted service members are already entitled to this reimbursement. The House allowance is \$21,051,000.

The Committee further recommends \$8,423,000 to fund the new payment of a mileage allowance for dependents under 2 years of age. The House did not include funding for this allowance.

Also included in the Committee recommendation is \$12,781,000 to fund a new PCS reimbursement for travel by a service member to relocate family members after reassignment to an unaccompanied location. The House allowance is \$15,325,000.

Household goods.—With regard to the requested increase in household goods weight allowances, the Committee recommends funding of

\$202,202,000, and has raised the legislative limit on pounds per move to 18,000 as requested by the Department of Defense. However, the Committee is not convinced that adequate documentation exists to justify the poundage levels by grade proposed by the Department. While the Committee is dedicated to equitable reimbursement in the PCS area, service members should not be encouraged to ship nonessential items because of an unnecessarily high weight allowance. Therefore, the Committee will carefully review ongoing household goods weight allowance studies by the General Accounting Office and Department of Defense and reconsider these increased allowances in fiscal year 1987. Also, the Committee recognizes that implementation of these increased weight allowances is up to the discretion of the individual services. Again, the Committee is convinced that the enlisted service member absorbs a larger out-of-pocket expense in terms of a percentage of disposable income. Therefore, the Committee directs the services within this increased funding to implement the new household goods weight allowances for enlisted members as proposed, ranging from 5,000 pounds per move for E-1's to 13,000 pounds per move for E-9's. If internal realignment within any of the services' permanent change of station accounts is required, it should not adversely impact enlisted service members who are most in need of these enhanced benefits. The House allowance is \$114,049,000 for an increase in household goods weights only for junior enlisted members with dependents to 5,000 pounds. Junior enlisted members without dependents would be limited to 1,500 pounds for Conus and overseas moves. Household goods weight allowance increases for other grades would require prior congressional approval.

Cost increases.—In addition to these increased PCS benefits in the appropriation request of more than \$400,000,000, the Department of Defense included legislative proposals for further increases with a fiscal year 1986 military personnel funding requirement of almost \$200,000,000. Under these legislative proposals, for which the House appropriated \$150,000,000, the Department would be granted authority to provide dependent per diem and increase mileage reimbursements in conformance with those currently paid to DOD civilian personnel.

The Committee believes the services can absorb the cost of these legislative initiatives within the available fiscal year 1986 permanent change of station funding through more aggressive move program management. For example, the Committee agrees with the authorization committees that overseas tour lengths should be 36 months for accompanied personnel and 24 months for unaccompanied personnel unless it can be shown to be an undue hardship. Substantial savings can be achieved by implementing this policy and the services are encouraged to incorporate this provision into the current revision of DOD Directive 1315.7. The Committee also believes that DOD should study the expansion of the overseas tour extension incentive program and modification of the PCS training move program to reduce costs further.

Controlling moves.—Therefore, the Committee directs the Department of Defense to execute its fiscal year 1986 permanent change of station travel program within the \$2,782,756,000 appropriated. Funds may be reprogrammed into or from the services' permanent change of station travel accounts only if the Secretary of Defense determines such action is necessary in the interest of national security and gives prior notification and appropriate justification to Congress.

In the fiscal year 1986 budget submission, all services reflected decreases to their fiscal year 1985 operational and rotational move programs totaling almost 14,000 moves. However, the Committee understands that current estimates show actual fiscal year 1985 moves in these categories decreasing by only about 2,500. In fact, it appears the Navy will actually execute almost 7,000 more of these moves than the number programmed in its budget. Also, the Air Force will reduce operational and rotational moves by less than 500 rather than the budgeted decrease of over 3,000. Accordingly, the Committee has reduced the PCS accounts for the Navy and Air Force by \$10,000,000 and \$5,000,000 respectively.

UNEMPLOYMENT COMPENSATION

The Committee recommends reductions to Air Force, Navy, and Marine Corps fiscal year 1986 unemployment compensation funding, which total \$18,000,000, based on projected continuation of a lower than budgeted fiscal year 1985 requirement for unemployment compensation payments to ex-servicemembers. The House did not address this issue.

SUBSISTENCE-IN-KIND

A reestimate of fiscal year 1986 subsistence-in-kind requirements based on the latest Department of Defense data on fiscal year 1985 food costs results in an average price reduction of 5 percent for each of the active components and the Air National Guard and Army National Guard and Reserve. The Committee recommends reducing the appropriations in accordance with the DOD projection of \$39,000,000 in savings associated with this decrease in food costs. The House did not address this issue.

RECRUIT BASIC SKILLS

The Committee has taken note of the provision in the Senate Defense authorization bill which addresses current basic skills remedial programs for military recruits which contends that despite ongoing efforts, many participants do not gain the competency required to master highly technical material in the performance of their duties. The increasing level of complexity in weapons systems requires personnel with good literacy skills and this problem may be compounded in the future because of the decreasing 17- through 19-year-old male population. The Committee agrees that this matter merits attention and requests the Department of Defense to study the problem to determine possible ways to stem these trends within the next 5 to 10 years.

LEGISLATIVE PROVISIONS

The Committee continues to be concerned about increasing "must pay" military personnel benefits without appropriate consideration being given to the costs of these entitlements in the future, particularly at a time when DOD programs across the board are faced with difficult budgetary constraints in a "no real growth" environment.

The Department of Defense requested, and the authorization committees approved, over 20 new and increased military personnel entitlements and discretionary benefits for fiscal year 1986. No funds are included for these legislative initiatives since their cost would total more than \$340,000,000 in fiscal year 1986 alone, and the Committee has not had the benefit of reviewing any budget justification data.

Except in the case of entitlements or benefits addressed elsewhere in this report, the Committee will consider prior approval reprogramming requests within available fiscal year 1986 funds or a supplemental appropriation request. With the exception of \$150,000,000 for permanent change of station reimbursements and \$9,000,000 for Reserve incentives, the House did not include funding for these legislative provisions and also required either a prior approval reprogramming or a supplemental appropriation request.

Although the Committee does not include additional funding for items addressed in the legislative contingencies, it is not the Committee's intent to preclude continuation of authorized ongoing programs at the fiscal year 1985 level. Also, the Committee does not object to initiation of the nationwide Individual Ready Reserve muster test by the Secretary of the Army, as authorized, but directs that it be accomplished within available funds.

Included in the authorization are changes in the travel allowance paid to a service member when a ship is in overhaul which reduce the Navy's military personnel funding requirement by \$1,900,000. The Committee recommends accepting this reduction, in agreement with the House.

The Committee recommends a reduction of \$49,900,000 in the variable housing allowance program to reflect projected savings associated with authorization action reducing VHA windfalls, as discussed previously in this report. The House recommended a reduction of \$27,000,000.

In addition to these Department of Defense legislative initiatives, the authorization act would double the current permanent change of station dislocation allowance to 2 months' basic allowance for quarters, at a cost of approximately \$102,000,000 in fiscal year 1986. The Committee recommends bill language denying funding for this increased allowance, since it was not requested by the Department of Defense and its necessity has not been adequately demonstrated. The House did not include a similar provision.

MILITARY PERSONNEL, ARMY

1985 appropriation	\$21,437,593,000
1986 budget estimate	22,712,000,000
House allowance	21,761,423,000
Committee recommendation	21,109,765,000

The Committee recommends an appropriation of \$21,109,765,000 for fiscal year 1986. This is \$1,602,235,000 below the budget request and \$651,658,000 below the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Change from budget
Retired pay accrual	5,650,951	4,833,690	4,748,551	- 902,400
Military pay raise	601,157	541,041		- 601,157
Officer average pay rates		- 15,000	- 15,000	- 15,000
Average end strengths		- 22,000		
Variable housing allowance windfall sav- ings		- 8,000	- 12,100	- 12,100
Rent plus to VHA in Alaska/ Hawaii		- 2,500		
Selective reenlistment bonus	158,703	149,203	135,504	- 23,199
Enlistment bonus	115,400	113,400	107,400	- 8,000
Subsistence-in-kind	406,538	406,538	394,138	- 12,400
Overseas housing allowances	98,714	97,714	98,714	
PCS				
Increased household goods weight al- lowance	95,137	43,837	79,344	- 15,793
Temporary lodging expense	53,680	53,680	44,769	- 8,911
Junior enlisted dependent travel	9,230	9,230	7,697	- 1,533
Infant mileage allowance	4,400		3,667	- 733
Travel to a designated place	6,075	6,075	5,066	- 1,009
Per diem/mileage increases		42,500		

Officer average pay rates.—The Army's average basic pay rates for officers for fiscal year 1986 assumed longevity decreases experienced in fiscal year 1985 would continue and result in an \$11,500,000 reduction in the fiscal year 1986 funding requirement. However, fiscal year 1985 execution data have revealed these longevity decreases were significantly understated. Accordingly, the Committee recommends a reduction of \$15,000,000 to reflect more accurately current Army officer longevity trends. This is the same as the House reduction.

Enlistment bonus/New Army College Fund.—Under the new G.I. bill which went into effect on July 1, 1985, Army recruits can qualify for up to \$25,200 in educational benefits. In addition to the basic new G.I. bill benefit of \$10,800 (including a service member contribution of \$1,200), the Army will pay up to \$14,400 to soldiers enlisting in certain skills classified as critical. The Army is the only service which pays these so-called kickers to the basic new G.I. bill. The Committee understands the fiscal year 1986 actuarial estimate for these Army kickers has already risen from the original estimate of \$121,350,000 to \$142,024,000.

The Committee was concerned to learn that over one-half of the Army recruits who signed up for the educational kickers in fiscal year

1985 also received an Army enlistment bonus of up to \$8,000. Of the 78 skills qualifying for an Army kicker, 64 also qualify for an enlistment bonus.

The Army continues to meet its accession goals with high-quality recruits and the number of people in the Army's Delayed Entry Program at the beginning of the fourth quarter of fiscal year 1985 was 51,300—higher than at any time since the unprecedented levels of fiscal year 1983. Approximately 90 percent of Army non-prior-service recruits now have high school degrees compared with the national average of 76 percent. A total of 86 percent of new Army recruits now score in the highest three categories on the armed services qualifications test, compared with 50 percent in fiscal year 1980 and the national average of 69 percent.

Under these circumstances, the Committee feels that continuation of the Army's policy of offering both an enlistment bonus and an Army kicker in addition to the basic new G.I. bill educational benefit is unwarranted. Therefore, the Committee has included bill language prohibiting the payment of an Army college fund kicker to any service member who receives an enlistment bonus. The Committee understands this modification of the enlistment bonus and Army college fund programs will result in considerable cost savings. Although these savings cannot be quantified until required changes have been implemented, the Army is directed to identify clearly such savings to the Committee and use them to help offset fiscal year 1986 military pay raise requirements. The House did not address this issue.

In addition, based on higher-than-anticipated retention rates, the Army has reduced its overall accession mission for fiscal years 1985 and 1986. The Committee recommends an \$8,000,000 reduction to the Army's fiscal year 1986 Enlistment Bonus Program based on this lower accession requirement. The House reduction is \$2,000,000.

MILITARY PERSONNEL, NAVY

1985 appropriation.....	\$15,660,246,000
1986 budget estimate.....	17,221,400,000
House allowance.....	16,472,073,000
Committee recommendation.....	15,838,363,000

The Committee recommends an appropriation of \$15,838,363,000 for fiscal year 1986. This is \$1,383,037,000 below the budget request and \$633,710,000 below the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Change from budget
Retired pay accrual	4,160,052	3,551,923	3,498,852	- 661,200
Military pay raise	429,483	386,535		- 429,483
End strength funding adjust- ment		- 47,000	- 187,347	- 187,347
Average strength growth		- 15,000		
Variable housing allowance wind- fall savings		- 10,100	- 19,650	- 19,650
Rent plus to VHA in Alaska/Ha- waii		- 2,300		
Selective reenlistment bonus	269,554	268,804	228,740	- 40,814
Unemployment compensation	31,980	31,980	28,980	- 3,000
Subsistence-in-kind	351,291	351,291	336,091	- 15,200
Funded travel during ship over- haul		- 1,900	- 1,900	- 1,900
Temporary active duty [TEMAC] program		- 23,000		
PCS				
Increased household goods weight allowance	43,200	21,700	36,029	- 7,171
Temporary lodging expense	35,621	35,621	29,708	- 5,913
Junior enlisted dependent travel	3,300	3,300	2,752	- 548
Infant mileage allowance	2,100		1,754	- 346
Travel to a designated place	2,800	2,800	2,335	- 465
Moves, program manage- ment			- 10,000	- 10,000
Per diem/mileage increases		25,400		

Temporary active duty [TEMAC] program.—The House reduction of \$23,000,000 is based on the transfer of the Navy's temporary active duty program from the "Active" to the "Reserve personnel" account in fiscal year 1986. The House position assumes a duplication of funding since a reduction was not displayed in the fiscal year 1986 justification material for the active component although a similar increase was included in the "Reserve component" account. The Department has assured the Committee that the appropriate adjustment was made by the Navy and, therefore, the Committee does not concur in the House reduction.

MILITARY PERSONNEL, MARINE CORPS

1985 appropriation	\$4,910,206,000
1986 budget estimate	5,217,400,000
House allowance	5,041,377,000
Committee recommendation	4,835,456,000

The Committee recommends an appropriation of \$4,835,456,000 for fiscal year 1986. This is \$381,944,000 below the budget request and \$205,921,000 below the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

(In thousands of dollars)

	Budget estimate	House allowance	Committee recom- mendation	Change from budget
Retired pay accrual.....	1,297,896	1,106,022	1,090,896	- 207,000
Military pay raise.....	136,491	122,842		- 136,491
End strength funding adjust- ment.....		- 6,000	- 13,713	- 13,713
Variable housing allowance wind- fall savings.....		- 3,000	- 4,800	- 4,800
Selective reenlistment bonus.....	104,253	- 2,500	94,472	- 9,781
Unemployment compensation.....	17,614	17,614	14,614	- 3,000
Subsistence-in-kind.....	100,586	100,586	97,886	- 2,700
Retention increases.....		33,000		
PCS.....				
Increased household goods weight allowance.....	15,612	7,712	13,021	- 2,591
Temporary lodging expense.....	8,171	8,171	6,815	- 1,356
Junior enlisted dependent travel.....	2,221	2,221	1,853	- 368
Infant mileage allowance.....	100		80	- 20
Travel to a designated place.....	750	750	626	- 124
Per diem/mileage increases.....		16,000		

Retention increases.—The Committee does not concur in the House addition of \$33,000,000 for increased retention by the Marine Corps above the level budgeted in the fiscal year 1986 request. The Committee understands the difficulty in properly budgeting for sudden changes in manpower trends. However, the Marine Corps was forced to reprogram funds from other accounts to finance this program in fiscal year 1985 and the Committee is concerned that the corps failed to adequately manage and budget for the effects of this increased retention in its fiscal year 1986 request.

MILITARY PERSONNEL, AIR FORCE

1985 appropriation.....	\$17,826,830,000
1986 budget estimate.....	19,187,900,000
House allowance.....	18,341,185,000
Committee recommendation.....	17,688,587,000

The Committee recommends an appropriation of \$17,688,587,000 for fiscal year 1986. This is \$1,499,313,000 below the budget request and \$652,598,000 below the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Change from budget
Retired pay accrual	4 816.907	4 079.198	4 051.307	- 765.600
Military pay raise	510.061	459.005		- 510.061
End strength funding adjust- ment		- 51.000	- 129.131	- 129.131
Officer man-years			- 27.900	- 27.900
Retention/longevity growth		- 11.000		
Variable housing allowance wind- fall savings		- 5.900	- 13.350	- 13.350
Rent plus to VHA in Alaska/ Hawaii		- 2.500		
Selective reenlistment bonus	100.283	97.783	91.284	- 8.999
Unemployment compensation	39.021	39.021	27.021	- 12.000
Subsistence-in-kind	141.809	141.809	137.609	- 4.200
PCS				
Increased household goods weight allowance	88.500	40.800	73.808	- 14.692
Temporary lodging expense	35.000	35.000	29.190	- 5.810
Junior enlisted dependent travel	6.300	6.300	5.254	- 1.046
Infant mileage allowance	3.500		2.922	- 578
Travel to a designated place	5.700	5.700	4.754	- 946
Moves, program manage- ment			- 5.000	- 5.000
Per diem/mileage increases		66.100		

Officer man-years.—In fiscal year 1986, the Air Force is requesting an increase of 2,254 officer man-years over the fiscal year 1985 level. Applying the standard computation of one-half man-year for each end strength increase, requested Air Force officer growth accounts for only 740 of these man-years. The Committee reduction of \$27,900,000 adjusts the man-year program to reflect authorized reductions to the officer end strength request and brings the man-year program in line with prior year execution.

Minuteman Education Program.—The Committee understands that the Department of the Air Force is considering a major change in its Minuteman Education Program [MMEP] offered through the Air Force Institute of Technology [AFIT]. Since the inception of this program, in-state postsecondary institutions have offered MBA programs to military personnel and civilians at the six Minuteman installations.

The Committee is advised that the Department may open to competitive bidding these MMEP contracts. The Committee is further advised that the new program specifications do not include admission requirements, nor is accreditation a consideration. While the Committee is supportive of efforts to reduce departmental expenditures, it is concerned that the proposed change in the MMEP will erode educational program quality.

The Committee directs the Secretary of the Air Force to postpone the imposition of this proposed change in the MMEP pending the submission of a report to the Appropriations and Armed Services Committees of Congress detailing the rationale for such a change, the impact upon students enrolled currently in the MMEP at the six Minuteman in-

stallations, the Federal budgetary impact, the admission criteria, and the academic specifications of the proposed MBA program. This report is to be submitted no later than 6 months after the date of enactment of this act.

RESERVE PERSONNEL, ARMY

1985 appropriation	\$2,084,100,000
1986 budget estimate	2,394,400,000
House allowance	2,159,254,000
Committee recommendation	2,203,014,000

The Committee recommends an appropriation of \$2,203,014,000 for fiscal year 1986. This is \$191,386,000 below the budget request and \$43,760,000 above the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Change from budget
Retired pay accrual	603,447	443,820	513,247	- 90,200
Military pay raise	54,686	49,217		- 54,686
Average strength/full-time sup- port [AGR]		- 51,400	- 45,600	- 45,600
Subsistence-in-kind adjustment			- 900	- 900
Surplus funding		- 20,000		
Branch officers basic course	32,451	27,451	32,451	
Reserve incentives		6,350		

RESERVE PERSONNEL, NAVY

1985 appropriation	\$1,132,319,000
1986 budget estimate	1,353,600,000
House allowance	1,297,123,000
Committee recommendation	1,264,334,000

The Committee recommends an appropriation of \$1,264,334,000 for fiscal year 1986. This is \$89,266,000 below the budget request and \$32,789,000 below the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Change from budget
Retired pay accrual	334,628	284,488	281,528	- 53,100
Military pay raise	29,366	26,429		- 29,366
Average strength/full-time sup- port [TAR]		- 4,500	- 6,800	- 6,800
Reserve incentives		1,100		

RESERVE PERSONNEL, MARINE CORPS

1985 appropriation	\$271,778,000
1986 budget estimate	290,000,000
House allowance	278,842,000
Committee recommendation	272,200,000

The Committee recommends an appropriation of \$272,200,000 for fiscal year 1986. This is \$17,800,000 below the budget request and \$6,642,000 below the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Change from budget
Retired pay accrual	71,450	60,882	60,050	- 11,400
Military pay raise	6,400	5,760		- 6,400
Reserve incentives		50		

RESERVE PERSONNEL, AIR FORCE

1985 appropriation	\$567,476,000
1986 budget estimate	622,500,000
House allowance	597,153,000
Committee recommendation	583,330,000

The Committee recommends an appropriation of \$583,330,000 for fiscal year 1986. This is \$39,170,000 below the budget request and \$13,823,000 below the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Change from budget
Retired pay accrual	155,531	130,521	130,731	- 24,800
Military pay raise	14,370	12,933		- 14,370
Reserve incentives		1,100		

NATIONAL GUARD PERSONNEL, ARMY

1985 appropriation	\$2,926,100,000
1986 budget estimate	3,430,800,000
House allowance	3,238,217,000
Committee recommendation	3,062,098,000

The Committee recommends an appropriation of \$3,062,098,000 for fiscal year 1986. This is \$368,702,000 below the budget request and \$176,119,000 below the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Change from budget
Retired pay accrual	898,792	835,558	757,192	- 141,600
Military pay raise	79,802	71,822		- 79,802
Average strength/full-time sup- port (AGR)		- 139,630	- 143,900	- 143,900
Drilling reserve average strength	1,698,925	1,716,986	1,698,925	
Subsistence-in-kind adjustment			- 3,400	- 3,400
Reserve incentives		200		

NATIONAL GUARD PERSONNEL, AIR FORCE

1985 appropriation	\$886,110,000
1986 budget estimate	995,100,000
House allowance	953,204,000
Committee recommendation	926,516,000

The Committee recommends an appropriation of \$926,516,000 for fiscal year 1986. This is \$68,584,000 below the budget request and \$26,688,000 below the House allowance.

All recommended adjustments to the budget request, including those items discussed elsewhere in the report, are summarized below:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Change from budget
Retired pay accrual	267,136	227,608	224,436	- 42,700
Military pay raise	25,684	23,116		- 25,684
Subsistence-in-kind adjustment			- 200	- 200
Reserve incentives		200		

TITLE II

OPERATION AND MAINTENANCE

The Committee recommends appropriations totaling \$78,835,226,000 in title II, operation and maintenance, for fiscal year 1986. This is \$3,614,924,000 below the budget estimate and \$1,612,864,000 above the House allowance.

The Committee recommendations by appropriation account are compared with the budget estimate in the following table:

[In thousands of dollars]					
	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
SUMMARY					
ARMY.....	20,190,630	18,659,638	19,043,039	-1,147,591	+383,401
NAVY.....	25,797,700	23,862,002	24,528,310	-1,269,390	+666,308
MARINE CORPS.....	1,667,400	1,615,128	1,609,000	-58,400	-6,128
AIR FORCE.....	20,924,400	19,507,672	19,468,901	-1,455,499	-38,771
DEFENSE AGENCIES.....	7,568,900	7,340,076	7,479,956	-88,944	+139,880
ARMY RESERVE.....	779,600	774,980	793,100	+13,500	+18,120
NAVY RESERVE.....	954,500	896,415	896,700	-57,800	+285
MARINE CORPS RESERVE.....	61,600	57,120	57,200	-4,400	+80
AIR FORCE RESERVE.....	907,700	896,844	910,200	+2,500	+13,356
ARMY NATIONAL GUARD.....	1,605,200	1,646,305	1,656,100	+50,900	+9,795
AIR NATIONAL GUARD.....	1,830,100	1,799,462	1,806,200	-23,900	+6,738
NATIONAL BRD FOR THE PROMOTION OF RIFLE PRACTICE, ARMY	920	820	920	---	+100
CLAIMS, DEFENSE.....	158,300	148,300	143,300	-15,000	-5,000
COURT OF MILITARY APPEALS.....	3,200	3,200	3,200	---	---
PAN AMERICAN GAMES.....	---	10,000	10,000	+10,000	---
ENVIRONMENTAL RESTORATION, DEFENSE.....	---	---	429,100	+429,100	+429,100
(BY TRANSFER).....	---	(329,100)	---	---	(-329,100)

GRAND TOTAL, OPERATION AND MAINTENANCE.....	82,450,150	77,217,962	78,835,226	-3,614,924	+1,617,264

INFLATION AND PROGRAM GROWTH

The Department's budget estimate of \$82,450,150,000 includes \$530,500,000 for inflation and \$3,700,200,000 for real program growth over the previous year programs. The Department assumed an average rate of inflation of 4.3 percent.

FUEL

A total reduction of \$362,600,000 is recommended in the operation and maintenance appropriations to reflect savings from fuel costs. This amount is the same level assumed in the authorization bill, but is \$137,400,000 above the House allowance. The Department of Defense has identified excess cash in the defense stock fund resulting from lower than projected fuel prices. The House reduction assumed the price of petroleum products will drop at a faster rate than is projected by the Defense Department. The Committee recommends the excess cash savings identified by the Defense Department be refunded from the stock fund to the operating accounts in accordance with past practice. The specific reductions are reflected in the tables included in the individual appropriation adjustments.

FOREIGN CURRENCY REEVALUATION

The Committee recommends a reduction of \$868,000,000 based on large cash balances in the foreign currency fund. This amount has been identified by the Department of Defense as excess to its requirements for fiscal year 1986, and is included in the authorization act adjustments. The House recommended a reduction of \$1,000,000,000, assuming additional cash will be available in excess of the amount identified by the Defense Department. The Committee disagrees with the House, considering the recent rapid decline of the U.S. dollar overseas. The fiscal year 1986 budgeted rates for foreign currency are significantly higher than are currently being experienced. While the Committee believes the cash balances in the fund will be sufficient to provide for any shortfall, there is no evidence that additional resources are available to provide for greater refunds than the level recommended by the Committee.

To achieve this reduction the Committee has recommended a general provision to allow the Defense Department to transfer up to \$468,000,000 from the foreign currency fund to the operating accounts. The additional \$400,000,000 reduction is based on a rate adjustment. Recognizing that cash balances are excess to requirements, the Committee has provided for a more favorable rate structure than it believes will actually occur through fiscal year 1986. Thus, cash balances in the fund will be drawn down, and direct operating funds can be reduced. The following foreign currency exchange rates shall be considered the budget baseline:

Fiscal year 1986 revised foreign currency rates—(Units of foreign currency per one U.S. dollar)

Belgium	75.91
Canada	1.70
Denmark	13.51
France	11.35
Federal Republic of Germany	3.73
Greece	133.40
Italy	2,261.93
Japan	322.41
Netherlands	4.18
Norway	10.35
Portugal	178.44
Spain	214.70
Turkey	350.51
United Kingdom	.94

STOCK FUND REPRICING

The Committee recommends a reduction of \$1,412,300,000 from the budget request in view of lower prices for stock fund purchases than anticipated. This amount is the same as estimated by the Defense Department and included in the authorization act. The House included an additional reduction of \$428,900,000. The House reduction provides the Defense Department an operating cash balance for 5 days' activities. Currently, the Defense Department attempts to maintain 11 days' cash. The House assumed cash for increasing peacetime inventory could be used to offset any operating shortfalls.

While the Committee does not completely discount the logic in the House position, instead of agreeing to its position, the Committee directs the Defense Department to examine the proposal recommended by the House and submit a brief report to the Committees by January 1, 1986. Further, if the Defense Department finds maintaining a 5-day cash balance would be acceptable, the Committee directs the Defense Department to include this change in its fiscal year 1987 budget request. The Committee directs that the excess cash that is accruing in the stock funds shall be passed through the various operating accounts and refunded in accordance with the reductions displayed in the operating sections of the report.

CIVILIAN PERSONNEL

Pay restoration.—The President's budget included a 5-percent reduction in the pay of civilian personnel. The Congress did not approve this reduction. While most Federal agencies received additional budget authority through a budget amendment, it was assumed the Defense Department would be able to fund its civilian pay requirements within the total budget authority appropriated to it. The fiscal year 1986 Defense Authorization Act includes \$1,054,500,000 within the various operating accounts to fund the restored 5 percent pay cut. The House included \$549,950,000 for this requirement. This recommendation equates to a 50-percent absorption for the active services and a 25-percent absorption for the Reserve components. The House assumed the Defense De-

partment can absorb this large general reduction through other operation and maintenance program changes and did not direct civilian manpower reductions. It should be clear the House adjustment is in addition to the authorization reduction of nearly \$300,000,000 for civilian manpower productivity. Together these cuts underfund the Defense Department's projected requirement for civilians by nearly \$850,000,000.

The Committee recommends fully funding the authorized amount to cover the cost of pay requirements within the operating accounts. In accord with past practices, no funds have been recommended to cover the cost of any supplemental pay requirements within the R&D accounts.

Administrative and indirect support personnel reductions.—The Committee recommends a reduction of \$477,500,000 for civilian personnel. This is \$202,300,000 below the authorization level and the House allowance. This change is the civilian manpower portion of the reduction for administrative and indirect support personnel discussed earlier in this report.

The Committee allowance reflects a freeze on civilian work-year funding at the fiscal year 1985 level. The cut is approximately 17,500 work-years and will mean a real decrease in the civilian work force from current levels by about 8,000 to 10,000 personnel. The actual reduction depends on the method chosen by the Defense Department to achieve the savings. The Committee has recommended elsewhere that the reduction should be made when possible through streamlining unnecessary bureaucratic layering.

The reduction is based on the increases in funding requested by the services for civilian personnel costs. The effect on each service varies by the amount of growth requested from the previous year. The following work-year reductions are the estimated effect on each service: Army, 5,500; Navy, 2,000; Marine Corps, 275; Air Force, 3,950; and Defense Agencies, 5,775.

MEDICAL PROGRAMS

Review of CHAMPUS benefit.—The Committee has been pleased with efforts of the Civilian Health and Medical Program of the Uniformed Services [CHAMPUS] to provide beneficiaries with access to quality health care and to be responsive to its concerns, particularly regarding costs. During the past several years there has been increasing interest by both the Appropriations and authorization committees in having CHAMPUS significantly modify its basic benefit package—for example, by providing dental care to children of active duty personnel, increasing the CHAMPUS deductible and other issues. Accordingly, the Committee directs CHAMPUS to conduct a comprehensive review of its current benefit structure and provide the Congress with a report, in a timely fashion, including any recommendations for modifications. In preparing this report, CHAMPUS is urged to compare its benefits with various private sector plans, as well as with those currently being provided to other Federal employees and their families.

Peer review.—The Committee recommends \$7,500,000 be provided to allow the Department of Defense to institute an external civilian peer review system for military health care facilities including the uniformed services treatment facilities. The system of review envisioned by the Defense Department would be similar to that conducted for Medicare by certain private peer review organizations [PRO's] under contract with the Department of Health and Human Services. The Committee believes the decision will complement and strengthen quality assurance and utilization review programs already in place at DOD facilities and can be expected to build credibility and confidence in the quality of health care provided at military hospitals. The Committee has been concerned for quite some time that military personnel and their dependents receive only the best possible care and is hopeful this initiative will serve to improve care provided.

It is the Committee's intent that this effort be viewed as a continuing, operational requirement and that these funds not be subject to any limitations normally placed on resources for studies and administrative services contracts. The Committee notes also that the General Accounting Office is examining this issue and urges the Office of Health Affairs within the Defense Department to work with GAO in striving to improve quality care in military facilities.

CHAMPUS productivity improvements.—The Committee recommends a reduction of \$15,000,000 for CHAMPUS from the request of \$1,447,317,000 for productivity improvements through increased management attention to health care costs. In fiscal year 1985, savings of \$65,000,000 was available due to productivity improvements. Information received by the Committee indicates additional savings will occur in the program in fiscal year 1986. The recommendation will allow \$75,000,000 over the fiscal year 1985 level. The House did not address this issue.

Nurses.—The Committee continues to be concerned that the Defense Department is not treating its professional nurses in an appropriate manner. Specifically, the Committee does not agree that nurses with advance clinical training, such as nurse midwives, nurse practitioners/clinical nurse specialists, or nurse anesthetists, should be supervised by other health care practitioners while performing what are essentially nursing services. Accordingly, the Committee again directs the Office of Health Affairs to review this matter and to develop a reasonable and comprehensive plan for effectively utilizing nursing expertise. OHA should consult with the leadership of the Department's nursing corps, and leaders of nursing within the private sector, such as the American Nursing Association and the American College of Nurse Midwives. The Committee would like a report on this matter by June 1, 1986.

Dental care.—The issue of a dependent dental benefit has been of considerable interest to the Committee for a number of years. The Committee notes that an enhanced benefit was approved in fiscal year 1984 to allow space-available dental care for dependents. The Committee directs the Defense Department that the specifics of any further enhancement of dependent dental benefits be coordinated with the con-

gressional authorization and Appropriations Committees. The Committee wants to ensure that a financially sound program is designed; one that is similar to benefits currently available to civil servants.

Family advocacy.—The Committee recommends \$12,000,000 for the Office of Health Affairs to continue the Defense Department's Family Advocacy Program. This is \$4,000,000 below the budget request and the House allowance. The Committee recommendation is the best estimate of funding requirement for the Family Advocacy Program. This reduction should not be viewed as an erosion of support by the Committee for this program.

The Defense Authorization Act transfers the Military Family Resource Center Program from the Office of Health Affairs to the Office of Family Policy. The Committee understands the Family Advocacy Program is currently included within the Military Family Resource Center Program. The Committee opposes the transfer of funding and six personnel of the Family Advocacy Program to the Office of Family Policy. The Family Advocacy Program is a health care program related to countering spouse and child abuse and should not be placed in the force management and personnel directorate. For that reason, funds for this program are provided, but cannot be transferred from the control of the Office of Health Affairs without the prior approval of the Committee.

Health affairs charter.—The Committee is pleased that the Secretary of Defense has implemented a new charter which establishes the Assistant Secretary of Defense for Health Affairs as program manager for all Defense Department health and medical resources. The Assistant Secretary of Health Affairs has the authority to direct allocation of health resources among the medical services within the limits established by the Congress. The Committee believes this will allow the Defense Department to use the medical resources provided by the Congress in a more efficient and cost-effective manner. The Committee will be most encouraged to see a greater emphasis placed on wartime medical readiness than has been the case in the past.

Medical readiness.—The Committee remains concerned that funding for medical readiness is insufficient to meet the established requirements. It is the understanding of the Committee that at the onset of a conflict up to 70 percent of all battlefield casualties would not receive the necessary medical care. For this reason, the Committee again is recommending an increase in funds for medical readiness. The budget request included \$503,700,000 for medical readiness related programs. The Committee recommends an additional \$235,300,000 for this effort. The additional funds are in both operations and procurement programs. The increase will allow the military services to significantly improve medical readiness. Funds will provide for combat zone equipment for all services. Specifically, this includes four MASH 60-bed hospitals; two, semimobile combat support hospitals; five larger evacuation hospitals; four 500-bed fleet hospitals for support of the Marines; and one 500-bed field medical facility for the Air Force. The additional funds are

reflected in the tables in the various operating and procurement accounts.

DRUG INTERDICTION EFFORTS

The Committee has provided more than \$300,000,000 to enhance drug interdiction efforts of the Defense Department. The Committee strongly believes the Defense Department can play a major role in helping to minimize the importation of illegal drugs.

In addition to specific programs which are addressed elsewhere in this report, the Committee recommends an appropriation of \$50,000,000 to initiate the formation of a drug interdiction element or elements within the Defense Department. This level of funding will allow the Defense Department to commence the configuration of operational drug surveillance aircraft and to establish an appropriate command and control element for the drug interdiction mission within the appropriate force structure.

The Committee notes the Joint Chiefs of Staff and the Secretary of Defense are in the process of preparing an implementation plan for the new drug interdiction initiative in the Defense Department. A December 1 deadline for this implementation plan has been imposed by the 1986 Defense Authorization Act. The Committee will not mandate which components assume responsibility for the new unit or units, but expects a clear decision and implementation of that decision will begin soon after December 1, 1985.

Funds have been provided to the Air Force and are reflected in the appropriate operating and aircraft procurement accounts. However, if the decision establishes units within the other services, funding shall be transferred accordingly from these two sources.

The Committee believes the Air Force special operations forces would be a logical choice to carry out this new mission. The Committee understands that the provisions of the Posse Comitatus Act might restrict the availability of many Defense forces from meeting the drug interdiction mission. There is reason to believe the mission of the special operations forces is compatible with the drug interdiction role, and that the training and equipment associated with drug interdiction would support and enhance the military needs of the special operations forces.

The Committee believes it is important for the Defense Department to move promptly to establish this new drug interdiction program. Accordingly, it directs the Department to take the necessary steps to begin retrofit of one drug interdiction aircraft no later than January 30, 1986, with the necessary equipment to carry out its mission. This should include communication intelligence capabilities, electro-optics, airborne and surface radar, sensor integration systems, and data link capability as well as other equipment unique to special operations and drug interdiction missions.

OTHER MULTISERVICE ISSUES

PROFESSIONAL DEVELOPMENT EDUCATION PROGRAMS

Nearly \$1,000,000,000 is requested for military and civilian pay, operating support, and other ancillary costs associated with professional education programs for the Department of Defense. Professional education involves approximately 9,400 military personnel—7,000 students and 2,400 faculty and staff members.

A recent Defense inspector general report cited serious problems with the way professional education requirements are determined. It also questioned whether the services effectively use officers who receive Government funded graduate education. The report had different criticisms for each of the services, but noted abuses by each.

The Committee is concerned the validation of requirements has not been carefully assessed by each service and that those trained are not being utilized properly. Considering the large sums of money which are expended annually and the questions raised by the inspector general, the Committee believes a reduction is appropriate in fiscal year 1986 for the operating funds which support professional education programs. The Committee expects the Defense Department to review its professional education policies in view of the criticism expressed by the inspector general.

The total recommended reduction is \$13,293,000. This adjustment is reflected in the various operating account summary tables.

RECRUITING AND ADVERTISING

The Committee recommends a total reduction of \$49,100,000 to operation and maintenance recruiting and advertising resources from the request of \$715,900,000. The recommended funding represents an increase of 4.4 percent from fiscal year 1985 and 17.2 percent from fiscal year 1984. The Committee questions the need for additional growth in recruiting and advertising funds because of the recent success in recruiting and retaining qualified personnel. The House recommended a reduction of \$21,800,000 based on the excellent results experienced by the Services.

The House also recommended that individual service funding levels may be exceeded with the Office of the Secretary of Defense [OSD] approval, so long as the total amount appropriated for the Department for recruiting and advertising is not exceeded. The Committee agrees with this recommendation.

Since fiscal year 1980, the Services have met or exceeded their overall recruiting objectives. Active military strength has increased by 112,000, an increase of 5.5 percent. The Reserve components have also achieved their goals by increasing selected reserve manpower by 185,000, a growth of 22 percent. In fiscal year 1984, the Selected Reserves attained their highest manning levels since fiscal year 1959.

In terms of quality of non-prior service enlistees, 93 percent were high school diploma graduates and 93 percent scored average or above

on the upper Armed Forces Qualification Test categories. The quality of enlistees achieved in fiscal year 1984 exceeds the proportions represented in the average civilian youth population of 77 percent high school diploma graduates and 70 percent scoring average or above on the upper Armed Forces Qualification Test categories.

The retention program remains stable. The Services have retained a sufficient number of recruits to fill their career positions since fiscal year 1980. In addition, more first-term personnel are serving the full extent of their obligation. In fiscal year 1985, the results of the retention program allowed the Defense Department to increase end-strength without increasing personnel recruiting levels.

In addition to DOD's successful recruiting and retention programs, the number of enlistees required to meet fiscal year 1986 recruiting objectives will be less than originally planned. The authorization conference reduced the fiscal year 1986 end strength request for the Navy, Marine Corps and Air Force by 10,730 personnel and the Reserve components by 5,500 average strength.

In light of these recent recruiting and retention accomplishments, the Committee believes that the recommended resources are sufficient to fully support recruiting objectives in fiscal year 1986. The specific reductions to each service's request are displayed in the tables in the individual operating accounts.

WARTIME HOST NATION SUPPORT

The Wartime Host Nation Support agreement between the United States and Germany signed in April 1982, establishes a reserve of 93,000 German military to provide direct logistics support units to U.S. Army and Air Force divisions that will mobilize to Germany. Germany has pledged to provide equipment to support these units from the civil sector in wartime while the United States will provide military equipment that the Germans cannot mobilize. Negotiations on the technical agreement, regarding the activation of the wartime host nation support units, the cost of equipment to be provided by the United States, the origins of the equipment—United States or German, the facilities needed for these units, and obligation and payment procedures are ongoing and are expected to be finalized by the end of 1985.

The Committee is concerned about the activation of these units and their associated costs. Originally, all units were scheduled to be activated by the end of 1987. Tentative schedules now plan for unit activations into the 1990's. Until the technical agreement is signed, many units will not be activated, thus delaying equipment procurement and facility construction or modernization.

Because of these slippages, most of the funds appropriated for this program have not been obligated and either were reprogrammed or will expire beginning in fiscal year 1986. Since fiscal year 1983, the Army has received \$18,500,000 in operation and maintenance funds and obligated only \$6,400,000 for wartime host nation support. The remaining funds were internally reprogrammed. Unobligated amounts of \$31,000,-

000 in the Army and \$15,300,000 in the Air Force fiscal years 1984 and 1985 other procurement accounts will not be obligated until the technical agreement is signed.

The Committee is also concerned about the method of budgeting used by the Army for this program. Unit activations occur during the last 3 months of the calendar year, actually the beginning of the next fiscal year. However, the Army budgets for these activations in the fiscal year prior to the activation. The Committee believes the Army should change its method of budgeting for Wartime Host Nation Support to reflect the costs in the fiscal year the activation occurs.

The House reduced the Army's request for operation and maintenance funds by \$4,400,000 due to the program's low obligation rates. The Committee strongly supports the Wartime Host Nation Support program and does not want to jeopardize the signing of the technical agreement, further delaying the program. Therefore, the Committee directs that only the amounts requested, \$8,795,000 in the Army operation and maintenance appropriation, and \$15,000,000 in the Air Force operation and maintenance appropriation be available for the Wartime Host Nation Support program. Further, the Committee directs that no funds appropriated in operation and maintenance may be used for any other purpose without prior approval from the Committee.

CIVILIANIZATION EFFORTS IN EUROPE

The Committee is aware the ceiling on European troop strength [ETS] is causing the U.S. military leaders in Europe to rethink their force structure goals and requirements. One program of some success has been the Army's efforts at civilianization. As addressed briefly elsewhere, the Army has actively pursued a civilianization program in an attempt to continue with its force structure initiatives such as Division 86 under the ETS. Since 1983, the Army has civilianized over 1,700 positions with plans to reach 4,300 positions by 1988. The formalized Army program allows decisions to civilianize certain positions to be made by U.S. Army, Europe [USAREUR] within criteria established by the Army. In addition, the Army attempts to program operating funds in future years to allow for civilianization of already identified positions. The Committee is encouraged by the Army's efforts.

Unlike the Army, no civilianizations have occurred yet in the Air Force in Europe. The Air Force has stated that over 1,500 positions could be civilianized in fiscal year 1986, but U.S. Air Forces in Europe [USAFE] has not yet identified the specific positions to be civilianized. The Air Force is also not employing standard criteria to determine which positions should or could be civilianized. Rather, the decision on which positions can be civilianized will be made by commanders of individual units without specific guidance or an overall review.

There are no efforts being made by the Air Force to look at civilianization as a means to increase its force strength or to manage its manpower requirements because the Air Force does not view civilianization as a viable option to increasing its military authorization under ETS.

The Committee directs the Air Force to examine civilianization as a method of enhancing its force structure within current ceilings and streamlining manpower requirements in Europe. The Committee suggests the Air Force review the approach and results of the Army civilianization program, especially in the area of base operating support positions. The Committee believes that civilianization efforts within the Air Force would clearly result in a more efficient and manageable force in Europe.

U.S. Naval Forces in Europe [NAVEUR] are not civilianizing any positions nor do they have any plans to do so. Unlike the Army and the Air Force, which have 332,000 and 108,000 authorizations in Europe in fiscal year 1985 respectively, the Navy has only 19,000. The Committee recommends the Navy review their future manpower requirements in light of the ETS limitation and consider civilianization as a means of meeting those requirements.

The Committee believes that civilianization can be a major tool in managing European troop strength and meeting future manpower requirements. The advantages of such efforts are the use of military in more combat positions and higher readiness of military training in these positions. The European Command [EUCOM] is responsible to coordinate, direct, and encourage civilianization efforts with USAREUR, USAFE, and NAVEUR. The Committee directs that EUCOM take an active role in civilianization efforts within the service components in Europe.

REAL PROPERTY MAINTENANCE ACTIVITIES

Since fiscal year 1982 congressional concern over the backlog of maintenance and repair projects [BMAR] has caused the Congress to increase appropriations selectively for real property maintenance activities [RPMA]. Nevertheless, the backlog has continued to increase. The Committee is concerned with the increasing BMAR, but is no longer convinced that additional funding alone will provide a solution. Since 1982 funding for RPMA has increased by \$600,000,000 from \$3,900,000,000 to \$4,500,000,000. Yet at the same time BMAR has decreased by less than \$50,000,000. A cursory review could lead one to conclude that an aging physical plant is increasing the requirement faster than it can be repaired. A thorough analysis of historical data on obligations raises questions about this conclusion.

Using the Air Force as an example, the data suggest some other factors may be aggravating BMAR. In the fiscal year 1983 budget request, the Air Force requested \$1,233,000,000 for real property maintenance with an anticipated end of year backlog of \$188,000,000. Thus the total funded and unfunded requirement for the Air Force was \$1,421,000,000. Actual spending by the Air Force for the year was \$1,361,000,000, an increase of \$128,000,000. Yet, at the end of the year BMAR had grown to \$652,800,000. This represents a growth in RPM requirements of 42 percent. In the fiscal year 1984 budget request, the Air Force identified its total funded and unfunded requirement of \$1,900,000,000, of

which \$1,380,000,000 was requested. Spending increased by \$120,000,000 during the year, but the anticipated end of the year backlog grew from an estimated \$550,000,000 to \$694,000,000.

Clearly there is a mismatch either in determining the requirement or in the manner spending occurred. One simple analysis of RPM spending is to separate recurring maintenance costs from funding for major repair projects. In fiscal year 1982, the Air Force increased its spending for recurring maintenance and decreased spending for major repair by \$74,000,000. Major repair accounts for most BMAR funding. Decreasing funding for major repair aggravates the backlog. In fiscal year 1983, the Air Force chose to increase spending for recurring maintenance again by \$86,000,000 from the approved budget while decreasing spending on major repair by \$2,000,000. Funding that was provided by the Congress for backlog was thus funneled off for other requirements.

While the specific details provided here relate to the Air Force, similar data on the Navy and Marine Corps can be provided. Only the Army has a decreasing BMAR which aligns closely with the funding provided by the Congress. It is not the Committee's goal to pass judgment on why BMAR is still increasing while expenditures increase, but without assurance that funding will not be used to reduce backlog, the Committee questions the funding requests by the services for RPM activities.

Accordingly, the Committee directs those funds provided in this act, and identified in the budget justification material to be used for major repair projects, can only be used for that purpose. Further, the Committee recommends adding \$175,500,000 for BMAR. These additional funds can only be used to reduce the backlog, and are not available for use on recurring maintenance projects. In addition, the Committee will raise the floor on RPMA activities to the level recommended by the House. The House also increased funding for BMAR by \$159,300,000 but added no further restrictions.

Hurricane damage.—The Committee is aware that Hurricane Elena caused significant damage to Air Force and Navy facilities located in the gulf coast area. The Committee recommends that within the funds added for real property maintenance activity, the following sums be provided to these facilities to repair the damage caused by Hurricane Elena: Keesler Air Force Base, \$1,800,000; MacDill Air Force Base, \$700,000; Tyndall Air Force Base, \$500,000; Superintendent of Ships, Pascagoula, MS, \$50,000; Naval Construction Battalion Center, Gulfport, MS, \$883,000; and Naval Home, Gulfport, MS, \$1,995,000.

FLAT RATE PER DIEM

In fiscal year 1984 the Congress directed the Air Force and Defense Logistics Agency to test a flat rate per diem system for their military and civilian personnel for up to 2 years. The Committee understands the test results show costs per day are decreasing and other administrative savings are occurring.

Currently, there is some concern whether authority exists under a continuing resolution for the Air Force and DLA to continue using a flat rate per diem system. The Committee contends the authority exists due to the extension of ongoing programs in fiscal year 1985. The Committee recommends continuation of the program in fiscal year 1986, because it appears to be cost effective to continue this approach. The Committee has included a general provision to extend the test of a flat rate per diem system by the Air Force and the Defense Logistics Agency for an indefinite term, or until the practice is adopted in permanent law. In addition, the Committee recommends reductions of \$10,800,000 and \$1,000,000 in the Air Force and DLA requests respectively, associated with the savings from flat rate per diem. The House did not address the funding for flat rate per diem, but included a general provision extending the test for 2 years or until passage of permanent legislation. The Committee recommends an extension until passage of permanent legislation.

COMPETITIVE RATE PROGRAM

The Committee recommends deletion of the annual provision to prohibit the implementation of the Competitive Rate Program [CRP] in Alaska and Hawaii. In response to the Committee's request, the Defense inspector general examined the potential for savings if the CRP were implemented. In view of the competitive environment which exists in Alaska and Hawaii for transportation of household goods, the inspector general concluded that little could be gained by changing the transportation rate system. The Congress has included the prohibition against such a change since 1978 because the proposed alternative could be a severe impediment to competition.

If the Defense Department seeks to implement the so-called CRP or to make any other adjustment to the existing rate system in the future for Alaska and Hawaii, the Committee will require the inspector general to provide a cost-benefit analysis which demonstrates clearly the savings which will result from such a change prior to congressional approval of any change.

TECHNICAL PUBLICATIONS AND MANUALS

The Committee is concerned about the quality and growing cost of technical publications within the Department of Defense. As modern weapons systems become more complex, the volume and costs of technical documentation increase dramatically. The creation of text and graphics cost as much as \$1,900 per page. With needed update to manuals and the acquisition of new systems, the cost of technical publications will continue increasing in the coming years.

The Committee believes the application of advanced computer technology to the text and graphics documentation field could result in significant savings and improve readiness and safety. While the initiatives of the services to use computer-assisted text and graphics documentation technology are laudable, the Committee is concerned that these ef-

forts are unilateral, lack Department of Defense oversight, and will likely result in service systems that are incompatible and expensive. The Committee, therefore, directs the Department of Defense to examine the use of totally automated digital electronic, publishing systems and report on its current and future efforts to reduce the use of paper as a technical documentation medium by April 1, 1986.

LEGISLATIVE LIAISON AND PUBLIC AFFAIRS

The House reduced fiscal year 1986 funding for legislative liaison and public affairs by \$1,125,000, eliminating the requested increase for inflation. The Committee does not believe the legislative liaison and public affairs activities should be singled out and held to the fiscal year 1985 levels. Therefore, the Committee recommends funding these efforts at the fiscal year 1986 budgeted levels, allowing an increase for inflation.

REPORT ON COST SAVINGS UNDER CONTRACTING OUT PROCEDURES

The House directed the Secretary of Defense to report on cost savings resulting from efforts contracted to the private sector, which had been previously performed by DOD personnel, by April 15, 1986. The Committee does not agree to these reporting requirements and believes they are excessive, will result in increased operation costs, and serve no useful purpose since analysis to demonstrate cost effectiveness is performed before the effort is contracted out.

CIGARETTE SALES IN COMMISSARIES

The Committee recommends a reduction of \$77,700,000 to the budget request of \$606,100,000 for commissary operations. These funds directly subsidize personnel costs, transportation costs of overseas goods, and utilities for military commissary stores worldwide. The Committee also recommends a general provision that directs that all tobacco products be sold in commissaries, exchanges, and ship stores at the local prevailing price, exclusive of State and local taxes. The revenues gained from raising the price of cigarettes in commissaries are to be refunded to the operation and maintenance accounts to offset the costs of commissary operations. The revenues gained from raising the price of cigarettes in exchanges and ship stores will be deposited into the nonappropriated funds accounts. The language provides that the price charged in commissaries may include the 5-percent surcharge which partially covers the cost of operations. The recommended provision also ensures that in no case will the price charged exceed the amount charged locally. Further, for sales at sea or overseas, the price will be based on the average price charged in the United States.

The estimated savings are based on the difference between the price of tobacco products in commissaries and the prevailing local price, exclusive of State and local taxes, discounting for a reduction in sales and a loss of revenues due to current bootleg sales of cigarettes for non-military consumption. No reduction is made for the price increase of tobacco products in exchanges.

The Committee is concerned about the lack of uniform policy on the sale of tobacco products. It has come to the Committee's attention that the Navy sells cigarettes at only six commissary stores where they are in direct competition with Army and Air Force commissaries. Otherwise, Navy and Marine Corps only sell cigarettes in exchanges where the price is approximately 15 percent higher than in commissaries. Currently, cigarettes sold in commissaries are 35 percent cheaper than in civilian outlets. In exchanges, cigarettes are approximately 20 percent cheaper. Merchandise in commissaries is sold at cost, to include the cost of transportation in the United States, plus a 5-percent surcharge. Items in exchanges are sold at prices to cover operational costs and to generate earnings to support morale, welfare, and recreation activities. Thus, military personnel patronizing Army and Air Force commissaries pay less for cigarettes than do those whose use Navy and Marine Corp commissaries.

The Committee is also concerned that the low price of tobacco products in commissaries and exchanges has contributed to a high rate of smoking in the military. The Committee understands that 52.6 percent of military personnel smoke cigarettes as compared to 32.6 percent of the general population, and 52.2 percent of military personnel 19 years or younger smoke in contrast to about 21.2 percent of high school seniors. The Committee believes the benefit of reduced prices for cigarettes has been misused. Clearly, smoking rates demonstrate that more military personnel smoke than in the general population. Additionally, bootleg purchases of cigarettes for nonmilitary consumption at commissaries and exchanges resulted in sales estimated at over \$200,000,000 in fiscal year 1983.

The Committee directs the Defense Department to report on the revenues generated from the increased price of cigarettes in commissaries, exchanges, and ship stores and the revenues anticipated for the remainder of the fiscal year by April 1, 1986. The Committee further directs the Department to submit a report assessing the impact on the military community of including State and local taxes in the price of cigarettes by April 1, 1986. The Committee also recommends the Department conduct a study to determine the effects of cigarette prices on military consumption patterns, the health of military personnel, the economic costs to the military and society, and the revenues and expenses on commissaries and exchanges.

LANGUAGE TRAINING

The Committee continues to support language and cultural orientation for U.S. military personnel stationed abroad and believes that the use of new illustrative, self-instructional, bilingual texts which require no audio-lingual classroom instruction would assist service members and their families in obtaining a basic orientation in the language and culture of the host country to which they are assigned. The use of these texts on their own time and in an environment of their choice could serve to enhance the goal of better relations between U.S. military personnel

and the population of the communities where our service members are assigned.

The Committee, therefore, urges the Department of Defense to consider including self-instructional bilingual texts in its current nonresident language and education programs.

UNDERGROUND HEAT DISTRIBUTION SYSTEMS

With respect to underground heat distribution system (which are in widespread use at Defense Department facilities throughout the world), the Committee encourages the Department to continue its efforts to study and improve the technology for these systems. In view of the fact that the costs from heat loss from underground heat distribution [UHD] systems are second only to the cost of installation itself, the Committee believes it is essential, from a budgetary perspective, that the Department actively pursue improvement in the thermal efficiency of new UHD systems.

The Committee is aware that the Department and the Federal Agency Committee on UHD systems are working closely with industry to study the installation, operation, and maintenance requirements of several different types of UHD systems to determine life cycle costs. The results from such studies, which the Committee expects to be objective and comprehensive, will be of considerable interest to the Committee. Finally, it is the Committee's view that until such studies have been completed, the Defense Department should continue its nondiscriminatory bidding on UHD systems.

OPERATION AND MAINTENANCE, ARMY

1985 appropriation.....	\$18,421,544,000
1986 budget estimate.....	20,190,630,000
House allowance.....	18,659,638,000
Committee recommendation.....	19,043,039,000

The Committee recommends an appropriation of \$19,043,039,000. This is \$1,147,591,000 below the budget estimate and \$383,401,000 above the House allowance.

This appropriation provides for the activities of the active Army, including the pay of civilian personnel, operation and maintenance of aircraft, equipment and bases, training, direct care medical programs, and all associated activities.

SUMMARY OF COMMITTEE ADJUSTMENTS

Committee adjustments to the budget estimate, including those not specifically addressed in this report, are summarized in the following table:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Pudget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
OPERATION AND MAINTENANCE, ARMY					
STOCK FUND FUEL (REFUND).....	441,237	400,237	412,537	-28,700	+12,300
STOCK FUND PRICE REESTIMATE.....	2,695,941	2,210,541	2,318,241	-377,700	+107,700
FOREIGN CURRENCY EXCHANGE RATE.....	---	-462,400	-418,400	-418,400	+44,000
INDUSTRIAL FUND - REFUND.....	1,941,256	1,761,256	1,881,256	-60,000	+120,000
INFLATION REESTIMATE.....	322,599	311,599	311,599	-11,000	---
DEPOT MAINTENANCE.....	1,688,000	1,699,000	1,699,000	+11,000	---
EXPENSE/INVESTMENT CRITERIA CHANGE.....	164,100	31,000	31,000	-133,100	---
REAL PROPERTY MAINTENANCE.....	1,607,400	1,632,400	1,657,400	+50,000	+25,000
CIVILIAN PAY REDUCTION RESTORATION.....	-262,400	-131,200	---	+262,400	+131,200
UNEMPLOYMENT COMPENSATION (MAFE).....	13,459	12,163	13,459	---	+1,296
CLASSIFIED PROGRAMS.....	---	-2,735	-3,240	-3,240	-505
BASE OPERATING SUPPORT.....	---	-30,000	-30,000	-30,000	---
FORCE MODERNIZATION.....	564,200	534,200	433,100	-131,100	-101,100
COMMAND AND CONTROL.....	932,600	922,600	922,600	-10,000	---
COMMUNICATIONS.....	---	-10,000	-10,000	-10,000	---
ARP MANAGEMENT.....	---	-15,000	---	---	+15,000
IMPROPER USE OF OMA FUNDS.....	---	-15,000	---	---	+15,000
YEAR END SPENDING.....	---	-6,000	---	---	+6,000
PERSONAL SERVICES CONTRACTING.....	19,000	16,000	19,000	---	+3,000
CONTRACT STUDIES.....	---	-5,000	---	---	+5,000
ADMINISTRATION.....	658,700	638,700	638,700	-20,000	---
PRODUCTIVITY.....	5,288,484	5,188,484	5,288,484	---	+100,000
RECRUITING/ADVERTISING.....	290,800	273,800	264,800	-24,000	-7,000
ADMINISTRATION/SUPERVISION.....	7,000	4,000	7,000	---	+3,000
OTHER COMBAT EQUIPMENT ACTIVITIES.....	154,600	152,600	154,600	---	+2,000
MECHANIZATION OF THE CORPS OF ENGINEERS.....	3,400	2,400	2,400	-1,000	---
DISPLACED EQUIPMENT.....	238,100	235,100	238,100	---	+3,000
INFRASTRUCTURE SUPPORT.....	2,200	1,200	1,200	-1,000	---
CONTRACTING INITIATIVES.....	5,000	---	5,000	---	+5,000
CAPITAL EXPENSE EQUIPMENT.....	6,800	5,800	6,800	---	+1,000
OTHER PERSONNEL ACTIVITIES.....	41,900	39,900	41,900	---	+2,000
CIVILIAN TRAINING.....	6,000	5,000	6,000	---	+1,000
OPERATIONAL SUPPORT.....	6,800	3,800	6,800	---	+3,000
AREA ORIENTED DEPOT MODERNIZATION.....	6,000	4,000	6,000	---	+2,000
AUDIT FOLLOW-UP.....	---	-10,000	---	---	+10,000
MAFE LEASE PAYMENTS.....	---	-1,000	---	---	+1,000
DESIGN COSTS OF NONAPPROPRIATED FUND PROJECTS.....	---	-1,000	---	---	+1,000
FAMILY ACTION PROGRAMS.....	---	-10,000	-24,500	-24,500	-14,500
FINANCIAL MANAGEMENT.....	---	-5,000	---	---	+5,000
EXCESS PROPERTY.....	---	-5,000	---	---	+5,000
INVENTORY CONTROL.....	---	-5,000	---	---	+5,000
BASE OPERATIONS - EUROPE HOMES.....	6,086	2,586	6,086	---	+3,500
MOBILE, WELFARE & RECREATION.....	503,586	479,086	503,586	---	+24,500
REICHEL FACILITY - RUG AND SHOE FACTORY.....	15,300	14,800	15,300	---	+500
WESTCON HEADQUARTERS.....	2,041	305	2,041	---	+1,736
WARTIME HOST NATION.....	8,800	4,400	8,800	---	+4,400
AUTOMATIC TELEPHONE SWITCH.....	10,000	---	10,000	---	+10,000
HISTORIAN PROGRAM.....	4,428	3,628	4,428	---	+800
DRUG TESTING.....	9,800	11,300	9,800	---	-1,500
SGT. YORK OPERATING SUPPORT.....	69,800	---	---	-69,800	---
AIDS TESTING.....	---	15,000	42,600	+42,600	+27,600
MEDICAL ENHANCEMENTS.....	---	40,000	---	---	-40,000
LEGISLATIVE LIAISON ACTIVITIES.....	---	-140	---	---	+140
PUBLIC AFFAIRS ACTIVITIES.....	---	-385	---	---	+385
PROFESSIONAL EDUCATION.....	---	---	-4,708	-4,708	-4,708
AVIATION SPARES REFUND.....	---	---	-98,000	-98,000	-98,000
ARMY LIFE CYCLE SUPPORT SOFTWARE.....	---	---	-1,143	-1,143	-1,143
ARMY DEPOT SYSTEM REORGANIZATION.....	---	---	-1,200	-1,200	-1,200
AUDIOVISUAL ACTIVITIES TRANSFER.....	---	---	1,000	+1,000	+1,000
ENVIRONMENTAL RESTORATION.....	---	---	-128,400	-128,400	-128,400
COMMISSARY SUBSIDY.....	---	---	-32,700	-32,700	-32,700
MEDICAL READINESS.....	---	---	63,100	+63,100	+63,100
DIVAD REPLACEMENT.....	---	---	4,800	+4,800	+4,800

[in thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
READINESS INITIATIVES.....	---	---	187,000	+187,000	+187,000
CIVILIAN WORKYEAR REDUCTION.....	---	---	-149,800	-149,800	-149,800
ALL OTHER ITEMS.....	2,717,613	2,717,613	2,717,613	---	---
TOTAL, ARMY.....	20,190,630	18,659,638	19,043,039	-1,147,591	+383,401

FORCE MODERNIZATION

The Army has requested \$2,162,000,000 for costs associated with fielding and sustaining of new Army weapons systems. The Committee recommends \$2,030,900,000. This is \$131,100,000 below the budget. The House accepted the authorized level, which is \$33,000,000 below the budget request, and includes a reduction for displacement of equipment. Historically, the Army has consistently projected faster deliveries and higher costs than have occurred. According to the latest information this situation will recur in fiscal year 1986. As such, the Committee is convinced the total Army force modernization program can be accommodated within the lower funding level.

The Committee is concerned with the changing level of detail which is provided to justify the Army's force modernization program. The Army has shifted its definitions relating to force modernization costs annually, thus making it very difficult to perform historical analysis. In addition, the Committee is still searching for a clearer understanding of how systems which have no planned fieldings in the current fiscal year can incur fielding costs. At the risk of sending contrary signals, the Committee requests the submission of fiscal year 1987 budget detail to provide a clear delineation of fielding costs and those costs fixed for development and other aspects not specifically related to actual fieldings. The Committee directs the Army not make other adjustments in its force modernization budget submission without first consulting the Committee.

Division air defense weapons system.—The Secretary of Defense canceled the procurement of the division air defense gun [DIVAD]. Included in the fiscal year 1986 O&M budget is \$69,800,000 to field and sustain this system. The Committee accordingly recommends a reduction for the full amount requested. This is the same as the House allowance. Any ancillary costs for DIVAD within O&M funding jurisdiction should be provided from within other available funds.

DIVAD replacement.—The Committee recommends addition of \$4,800,000 for the support costs of the Chaparrel missile. The budget request assumed Chaparrel units would be phased out with the introduction of the DIVAD. Because of the cancellation, the Army requires additional funds for these units. The House did not address this issue.

FLYING HOURS

The Army requests \$391,000,000 for its flying hour program in fiscal year 1986. This will provide 1,956,000 hours, an increase of 350,000 hours over the amount flown in fiscal year 1985. Last year the Committee recommended an increase in funds for flying hours in an attempt to aid the Army in achieving its goal of 18 hours per month/crew. The Committee learned by the end of the first half of fiscal year 1985, the higher flying hour program was not achievable. The Army fell short of its half-year program by 5 percent and continued to experience lower flying hours than projected throughout three quarters of fiscal year 1985. While part of the lower flying was due to the grounding of two helicopter types, that did not fully explain the large decrease. The total change for the Army was a decrease of 200,000 flying hours from a planned 1,800,000 to 1,600,000 hours. Based on this information, the Committee reduced funding for flying hours as an offset to the pay supplemental requirements. Subsequently, the Committee understands the Army reprogrammed additional funds from Army flying hours.

The Committee is concerned the requested increase of 350,000 hours is not achievable considering the Army could not meet its objective last year. Nonetheless, because the Committee believes that the Army needs to fly more hours, it will not recommend a funding reduction. The Committee does not support the use of these funds for any other purpose and will not allow the Army to transfer funds from the flying hour program. If the Army cannot use the amount requested for flying hours, the Committee directs the funds not be obligated for any purpose. The House did not address this issue.

Aviation spare parts management.—In addition to increasing flying hours last year, the Committee recommended and the Congress agreed to add funds for aviation spare parts. The Committee also recommended \$150,000,000 be maintained in the stock fund to allow the Army to procure depot level repairables directly from the stock fund. As the Committee explained in its report, it believed the Army's inability to reach its flying hour goal was not due solely to a shortage of funds. The Committee recommended procuring aviation spares directly from the stock fund to allow the operator greater flexibility and discretion in managing the flying hour program.

The Army has informed the Committee it will not follow the Committee's direction to stock fund aviation repairables. The Committee is disturbed by the Army management's unwillingness to try a new approach to aid in achieving its goal. Rather than direct compliance, the Committee has agreed to allow the Army to continue proceeding as in the past. However, the Committee is not convinced the Army will meet its goal of increasing flying hours. The Committee will continue to monitor this program and will consider mandating management changes next year if the Army fails again to reach its flying hour goals.

The Committee understands \$150,000,000 remains in the Army stock fund to begin implementation of stock funding depot level repairables.

Of this amount, \$52,000,000 is required to purchase spares budgeted in procurement accounts. Noting the Army's decision not to follow the Committee's guidance on spares, the Committee directs a refund of the remaining excess \$98,000,000, from the Army stock fund to the operating account and reduces the Army request for budget authority by a like amount. The House did not specifically address this issue; however, it did recommend reductions in operating accounts related to excess stock fund cash in addition to those authorized.

OTHER ADJUSTMENTS

Family Action Program.—The Army is requesting an increase of \$51,500,000 (87 percent) for its family program initiatives. The increased funding will provide for seven new programs and enhance others. The Committee is supportive of improving the quality of life of military personnel and their dependents, but is concerned that such a huge increase in 1 year might not be well thought out. Attempts to attain data on the planned use of these funds have been unsuccessful. Therefore, the Committee recommends a reduction of \$24,500,000 from this effort, allowing a growth of 47 percent. The House reduced morale, welfare, and recreation [MWR] funds by a like amount. The Committee is aware funding for family action programs is subsumed within the MWR program and assumes the reduction recommended by the House is commensurate with that recommended by the Committee.

Life cycle support software.—The fiscal year 1986 budget request is based on a higher rate of spending in fiscal year 1985 than has occurred. The Committee recommends a \$1,143,000 reduction accordingly. The House did not address this issue.

Army depot system command reorganization.—The Committee recommends a reduction of \$1,200,000 in relation to Army plans to reorganize the finance and accounting offices at Army depots. The Army has identified annual savings of \$1,200,000 associated with this effort. The House did not address this issue.

Army readiness initiatives.—The Committee recommends providing \$187,000,000 for Army readiness initiatives. The Army has identified shortfalls in a number of areas which are critical for readiness. The Committee recommendation would provide funds in the following areas: force protection, \$50,000,000; unit training, \$60,000,000; organizational clothing and equipment, \$50,000,000; and \$27,000,000 for equipment to modify units from their current status to division 86 concept. The House did not address this issue. The Committee will oppose use of this funding for other programs.

Yuma Proving Ground support functions.—The Committee notes that for the past 2 years, the U.S. Army Yuma Proving Ground has been examining the cost benefits of contracting out certain of its base operating support functions. Despite conflicting cost-saving data and several changes in the criteria applied in making such a determination, the Army has recently decided to contract out a number of commercial support functions, resulting in the loss of nearly 90 jobs at the Yuma Proving Ground facility.

The Committee believes that sufficient discrepancies and inconsistencies have occurred during the course of the cost-benefit study to warrant a recompetition of the operating support functions proposal. The Committee directs the Army to withhold awarding the contract for base operating functions and to recompute the in-house Yuma Proving Ground option against outside contractor competition. The Committee expects to receive periodic reports from the Army regarding the recompetition at Yuma Proving Ground during the course of fiscal year 1986.

HOUSE ADJUSTMENTS

Medical enhancements.—The House recommended an unbudgeted addition of \$40,000,000 for medical enhancements for the Army. The Committee is concerned with quality care provided in military hospitals, but believes sufficient funding exists within the Army medical budget request to meet the needs. The Army medical budget request assumes an increased usage of Army hospitals by former CHAMPUS patients. The Committee notes that in prior years the Army has projected increases in utilization rates which have not materialized. There is no reason to expect this to change this year. Further, a portion of the Army increase is based on higher military end strengths of the other services, because the Army provides the initial medical exam of all new recruits. Considering the reduction in military manpower from the budget request, the requirement for Army medical funding is lessened. Rather than reducing funds accordingly, the Committee directs this excess be used to increase the quality of care in Army medical hospitals as recommended by the House.

Drug testing.—The House provided \$11,300,000 for drug testing. This is \$1,500,000 above the budget request and the Committee recommended allowance. The Committee notes the Army chose to use funding provided for readiness initiatives in fiscal year 1985 to increase the number of urinalysis tests conducted. The Committee does not agree that funding needs to be increased again in fiscal year 1986 for this effort.

Automatic telephone switches.—The House reduced the Army's request for automatic telephone switches by \$10,000,000 on the basis that the mobile subscriber equipment [MSE] will begin fielding in fiscal year 1987 and the lease of AN/TTC-41 switches is not justified. The Committee disagrees with the House position and recommends funding the fiscal year 1986 AN/TTC-41 automatic telephone switch lease for critical requirements until MSE is fielded in 1987.

Other House adjustments.—The House included \$90,000,000 of reductions which were delineated in the authorization act for unspecified program and audit reductions which the Committee does not recommend. In addition, the House provided other cuts totaling \$6,536,000 for miscellaneous programs which the Committee has chosen not to address, but which will be resolved in conference.

OPERATION AND MAINTENANCE, NAVY

1985 appropriations.....	\$25,123,360,000
1986 budget estimate.....	25,797,700,000
House allowance.....	23,862,002,000
Committee recommendation.....	24,528,310,000

The Committee recommends an appropriation of \$24,528,310,000. This is \$1,269,390,000 below the budget request and \$666,308,000 above the House allowance.

This appropriation provides for the activities of the active Navy, including the pay of civilian personnel, operation and maintenance of aircraft, vessels, equipment and bases, training, direct care medical programs, and all associated activities.

SUMMARY OF COMMITTEE ADJUSTMENTS

Committee adjustments to the budget estimate, including those not specifically addressed in this report, are summarized in the following table:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
OPERATION AND MAINTENANCE, NAVY					
STOCK FUND FUEL - REFUND.....	1,906,303	1,720,303	1,706,603	-119,700	+58,300
STOCK FUND PRICE REESTIMATE.....	3,440,203	2,651,303	2,759,803	-680,400	+108,500
INFLATION REESTIMATE.....	379,000	344,000	344,000	-15,000	---
FOREIGN CURRENCY EXCHANGE RATE.....	---	-242,800	-198,800	-198,800	+44,000
INDUSTRIAL FUND - REFUND.....	7,663,222	7,194,222	7,593,222	-70,000	+399,000
DEPOT MAINTENANCE (AIRCRAFT/VEHICLES).....	2,027,200	2,047,200	2,047,200	+20,000	---
REAL PROPERTY MAINTENANCE.....	801,000	846,000	851,000	+50,000	+45,000
PRODUCTIVITY.....	2,880,708	2,831,308	2,880,708	---	+49,400
PAY REDUCTION RESTORATION.....	-345,700	-172,850	---	+345,700	+172,850
UNEMPLOYMENT COMPENSATION (NAFE).....	---	2,500	2,500	---	+325
EXPENSE/INVESTMENT CRITERIA CHANGE.....	223,300	42,100	42,100	-181,200	---
MILITARY PERSONNEL.....	30,000	10,900	10,900	-19,100	---
CLASSIFIED PROGRAMS.....	---	-4,612	-4,612	-4,612	---
FLEET COMMANDS AND STAFF.....	105,623	97,919	104,623	-1,000	+6,704
SPECIALIZED TRAINING.....	166,300	165,300	165,300	-1,000	---
INACTIVE SHIP REWORK.....	75,422	422	422	-75,000	---
BASE OPERATING SUPPORT.....	---	-35,000	-35,000	-35,000	---
NAVAL SEA SYSTEMS COMMAND.....	1,766,697	1,736,697	1,736,697	-30,000	---
TRAINING SUPPORT.....	376,900	375,900	375,900	-1,000	---
CNO STAFF OFFICES.....	48,375	46,755	47,375	-1,000	+620
MILITARY PERSONNEL COMMAND.....	117,386	112,386	112,386	-5,000	---
EXCESS PROPERTY.....	---	-5,000	---	---	+5,000
AIR MANAGEMENT.....	---	-25,000	-25,000	-25,000	---
IMPROPER USE OF O&M FUNDS.....	---	-20,000	---	---	+20,000
CONTRACT STUDIES.....	---	-10,000	---	---	+10,000
NAVAL SPACE COMMAND.....	17,857	16,857	16,857	-1,000	---
CRUISE MISSILE.....	87,183	86,183	86,183	-1,000	---
AUDIT FOLLOWUP.....	---	-10,000	---	---	+10,000
YEAR END SPENDING.....	---	-10,000	---	---	+10,000
SMALL CLUBS.....	---	-1,000	---	---	+1,000
FINANCIAL MANAGEMENT.....	---	-10,000	---	---	+10,000
SEALIFT.....	573,400	557,400	573,400	---	+16,000
COMMAND AND CONTROL.....	651,600	636,600	636,600	-15,000	---
COMMUNICATIONS.....	---	-11,000	-11,000	-11,000	---
SUBMARINE INACTIVATIONS.....	61,641	29,641	61,641	---	+32,000
T-AGOS OPERATIONS.....	38,232	33,232	38,232	---	+5,000
MCM OPERATIONS.....	800	---	800	---	+800
AIRCRAFT MOD INSTALLATIONS.....	268,112	258,112	268,112	---	+10,000
STATION HOSPITALS.....	165,406	165,294	165,406	---	+112
NAWPOWER ENGINEERING CENTER.....	20,353	20,028	20,353	---	+325
NAVAL AUDIT SERVICE.....	26,346	25,846	26,346	---	+500
COMMAND HEALTH CARE.....	519,287	518,237	519,287	---	+1,050
LAW ENFORCEMENT PERSONNEL ON NAVAL VESSELS.....	---	15,000	15,000	+15,000	---
READY RESERVE FLEET DISPOSAL.....	---	3,600	---	---	-3,600
LEGISLATIVE LIAISON ACTIVITIES.....	---	-65	---	---	+65
PUBLIC AFFAIRS ACTIVITIES.....	---	-135	---	---	+135
RECRUITING/ADVERTISING.....	---	-2,500	-4,000	-4,000	-1,500
PROFESSIONAL EDUCATION.....	---	---	-3,585	-3,585	-3,585
TRANSPORTATION.....	---	---	-13,000	-13,000	-13,000
NAVY MATERIAL COMMAND.....	---	---	-20,040	-20,040	-20,040
STEAMING HOURS.....	---	---	-85,000	-85,000	-85,000
AUDIOVISUAL ACTIVITIES.....	---	---	1,000	+1,000	+1,000
ENVIRONMENTAL RESTORATION.....	---	---	-42,900	-42,900	-42,900
COAST GUARD TRANSFER (SECTION 8101).....	---	100,000	---	---	-100,000
AIDS.....	---	---	11,000	+11,000	+11,000
P-3A MODIFICATIONS.....	---	---	3,747	+3,747	+3,747
COMMISSARY SUBSIDY.....	---	---	-1,600	-1,600	-1,600
CIVILIAN WORKYEAR REDUCTION.....	---	---	-54,900	-54,900	-54,900
ALL OTHER ITEMS.....	1,703,044	1,703,044	1,703,044	---	---
TOTAL, NAVY.....	25,797,700	23,862,002	24,528,310	-1,269,390	+666,308

NAVY MATERIAL COMMAND

Since fiscal year 1982, the Committee has questioned the need for the Navy Material Command [CNM]. The criticism of the Committee has focused on the necessity of a central headquarters command in addition to the naval operations staff to oversee the activities of the systems commands and engineering laboratories. The Committee is pleased that the Navy has finally realized that indeed CNM is unnecessary and has eliminated the activity, thus ending one excess bureaucratic layer. The Committee notes the decision to eliminate CNM was made subsequent to the budget submission and \$20,040,000, which was included to operate and maintain CNM headquarters, is, therefore, unnecessary and recommended for reduction. The House did not address this issue.

STEAMING HOURS

Since 1982, the Congress has been actively supporting increases in Navy steaming hours as a means to improve training and readiness. Therefore, the Committee was surprised to hear the Secretary of the Navy testify that the Navy is steaming too much. Rather than improve readiness, the Secretary implied that the wear and tear on the ships and manpower due to higher steaming requirements was having a negative effect on steaming hours. Reviewing steaming hours operational tempo (optempo) since 1982, it is clear the Navy has been exceeding the level it requested for each of these years. In fiscal year 1985, the Navy planned to steam 50.5 days per quarter. Information provided by the Navy shows it was able to steam in excess of 53 days per quarter within available funds. In fiscal year 1986, the Navy plans again to steam 50.5 hours per quarter. As such the Committee assumes the fiscal year 1986 budget is overstated by \$85,000,000, the amount estimated to allow the Navy to steam 53.1 days per quarter versus 50.5 days per quarter. Noting the Secretary's concern for wear and tear on men and material, the Committee recommends a reduction accordingly which will allow the Navy to steam its estimated requirement.

The Committee also points out that the Navy will have more ships in fiscal year 1986 to perform the same mission. Considering a larger fleet and a basically stable mission, the Committee believes a lessening of average ship optempo a prudent course to safeguard the material and manpower resources of the Navy.

The House did not specifically address this issue, but included reductions totaling \$32,800,000 related to specific ship operations. The Committee assumes the House reductions will be included in the adjustment described just above.

SHIP MAINTENANCE AND REPAIR

The Committee recommends an allowance of \$6,074,949,000 for the overhaul, repair, and maintenance of naval vessels, the same as the budget request. In addition, bill language initiated by the Committee last year to test a public/private shipyard overhaul competition should be expanded in fiscal year 1986 to include up to six overhauls. A pro-

vision enacted in the fiscal year 1985 supplemental appropriation act pertaining to interport differential accounting is carried over in the general provisions of the bill.

The fiscal year 1984 appropriation act implemented a change to ship maintenance policy through the requirement to compete all private sector ship overhauls coastwide. This precluded homeport reservation for a significant number of naval vessels scheduled for overhaul. Last year Congress enacted appropriations bill language to require a test competition between public and private shipyards for two ship overhauls. This served a concomitant benefit of curbing the Navy's proclivity to fully workload the Government-owned shipyards and private industry's desire to set aside an arbitrary portion of ship overhaul work. These changes were motivated by the Committee's desire to refocus priorities on maintaining vessels to maximize operational readiness at the lowest possible cost on an equitable basis.

Although there has been significant progress toward these objectives, the House has expressed concern that the number of ship maintenance projects subject to competition has declined with a concurrent increase in ship work confined to homeport. Recent changes to Navy policy define a ship overhaul as a duration of shipyard availability in excess of 6 months. The bulk of other ship work is determined to be selected restricted availabilities [SRA] or phased maintenance programs. The total number of ship overhauls has declined from 53 in fiscal year 1984 to 35 in fiscal year 1986. Concurrently, the number of SRA's has increased from 88 to 104 and phased maintenance contracts from 10 to 30. Both projected to increase in future years. While this is a reflection of the changes in ship maintenance philosophy, in part, the Navy's restriction of SRA's to homeport is also driven by personnel considerations. The House Committee report directs coastwide competition for all SRA's. The Committee seeks to strike a balance between these conflicting objectives.

As a means to redefine ship maintenance and repair policy to attain this result, the Navy should select its contracting procedures on the basis of the nature of work to be performed. The so-called selected restricted availabilities should pertain to emergency repair work or installation of standard alterations. The question of shipyard duration should not be relevant to the designation. A recent General Accounting Office report demonstrated that growth in ship work packages frequently exceeded 50 percent of the value of the contract price. This clear trend toward expansion of work should be recognized in the Navy's selection of contracting methodologies. Planned duration of ship maintenance bears little relationship to the outcome. Consequently, competitive restrictions should not be implemented on the basis of a fixed ship work duration. Rather, consideration should be given to the nature of work to be performed.

A plan to implement a coherent policy to achieve these objectives should be developed and submitted along with the fiscal year 1987 budget. As a first step toward this goal, the Navy is directed to revise

its competitive criteria to expand the homeport bidding area nationwide in a comparable manner to the recent inclusion of Baltimore, MD, within the Norfolk, VA, homeport bidding area. This would infer an expansion of Navy homeports to a radius of approximately 250 miles. As in the past, regular ship overhauls should be competed coastwide.

Most important among these recommendations is the continuation of the public private shipyard competition. The Navy recently awarded contracts under the test program. The Committee is optimistic that this formula will induce competition, equity, and cost accountability into the ship maintenance contracting procedures. As an expression of this confidence, recommended bill language expands the application of the test to six overhauls in fiscal year 1986.

SERVICEWIDE TRANSPORTATION

The Navy instituted policy changes regarding the transportation of material which saved \$27,500,000 in fiscal year 1984. The Navy estimates its funding for fiscal year 1985 was overstated by \$14,000,000. A commensurate reduction for fiscal year 1986 requirements, which are based on the previous years spending, would save \$13,000,000. Therefore, the Committee recommends a \$13,000,000 reduction from the request for transportation funds.

DRUG INTERDICTION

The Committee recommends the addition of \$3,747,000 in the Navy operating account to provide for installation costs of modification of two patrol (P-3A) aircraft. The Navy will install F-15 radar on two P-3 aircraft to allow these aircraft to aid in Governmentwide drug interdiction efforts. The Committee directs the Air Force to provide F-15 radar to the Navy for installation on these aircraft. To upgrade these aircraft, \$3,680,000 has been provided within Navy procurement funds to modernize the aircraft. The Committee further directs these aircraft will be transferred to the U.S. Customs Service for its drug interdiction effort.

OTHER ADJUSTMENTS

Naval Facilities in Adak, AK.—The Committee is aware that the Navy is increasing its personnel levels in Adak, AK, and is concerned that appropriate facilities are not available. The Committee expects the fiscal year 1987 budget will reflect such facilities as may be needed to provide proper support for anticipated personnel. The Navy should provide a report to the Committee by March 1, 1986, which projects the force levels to be stationed in Adak over the next 5 years, and what additional educational and extraneous facilities will be necessitated by such force levels.

Fleet commands and staff.—The House reduced fleet commands and staff by \$7,704,000. The Navy's budget request for fleet commands and staff reflects a minimum required level of operations for an expanding and more complex fleet. The Committee recommends funding the budget request.

Health and Physical Readiness Program.—The Committee directs that \$2,000,000 be available from within funding for medical programs to provide funds for the Health and Physical Readiness Program.

Official representation funds.—The Committee recommends a small increase for representation funds, since the fleet has recently spent more time in overseas ports, requiring commanding officers of naval vessels to absorb the costs of a greater foreign relations role.

Other House adjustments.—The House included \$82,000,000 in miscellaneous authorized reductions which the Committee does not recommend. The authorization included these unspecified reductions which were approved by the House solely to assure that it did not exceed authorized levels. Rather than including these general reductions, the Committee has recommended programatic adjustments which will assure the Committee does not exceed authorized levels. The House included other program adjustments of \$12,921,000. The Committee has not addressed these items.

OPERATION AND MAINTENANCE, MARINE CORPS

1985 appropriation	\$1,640,294,000
1986 budget estimate	1,667,400,000
House allowance	1,615,128,000
Committee recommendation	1,609,000,000

The Committee recommends an appropriation of \$1,609,000,000. This is \$58,400,000 below the budget estimate and \$6,128,000 below the House allowance.

This appropriation provides for the activities of the active Marine Corps, including the pay of civilian personnel, operation and maintenance of aircraft, equipment and bases, training, and all associated activities.

SUMMARY OF COMMITTEE ADJUSTMENTS

All Committee recommended adjustments to the budget estimate, including those not specifically addressed in this report, are summarized in the following table:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
OPERATION AND MAINTENANCE, MARINE CORPS					
STOCK FUND FUEL - REFUND.....	37,700	35,400	35,900	-1,800	+500
STOCK FUND PRICE REESTIMATE.....	240,790	212,790	212,790	-28,000	---
FOREIGN CURRENCY EXCHANGE RATE.....	---	-11,200	-11,200	-11,200	---
REAL PROPERTY MAINTENANCE.....	242,000	248,000	248,000	+6,000	---
EXPENSE/INVESTMENT CHANGE.....	15,400	2,900	2,900	-12,500	---
PAY REDUCTION RESTORATION.....	-15,500	-7,750	---	+15,500	+7,750
PRODUCTIVITY.....	453,152	446,452	453,152	---	+6,700
IMPROPER USE OF O&M FUNDS.....	---	-2,000	---	---	+2,000
O&M OF NEW EQUIPMENT/INITIAL ISSUE EQUIPMENT.....	55,861	54,861	55,861	---	+1,000
RECRUITING/ADVERTISING.....	---	-2,300	-1,000	-1,000	+1,300
AUTHORIZATION ADJUSTMENT.....	---	-22	---	---	+22
TRANSPORTATION.....	---	---	-15,600	-15,600	-15,600
INFLATION.....	---	---	-1,000	-1,000	-1,000
MILITARY END STRENGTH.....	---	---	-1,400	-1,400	-1,400
CIVILIAN WORKYEAR REDUCTIONS (TRIM).....	---	---	-7,400	-7,400	-7,400
ALL OTHER ITEMS.....	637,997	637,997	637,997	---	---
TOTAL, MARINE CORPS.....	1,667,400	1,615,128	1,609,000	-58,400	-6,128

COMMITTEE ADJUSTMENTS

Inflation.—The Committee recommends a \$1,000,000 reduction for lower inflation than projected. The Committee notes the Defense Department identified savings in the other operating accounts, but did not recommend any decrease for the Marine Corps. The Committee estimates a proportionate share of the reduction is \$1,000,000 and has recommended a like reduction. The House did not address this issue.

Transportation of things.—The Committee recommends a \$15,600,000 reduction from the budget request of \$94,920,000 related to transportation of things. Last year the Marines recommended a reprogramming to meet the requirement for transportation costs by \$15,000,000. The Marines later informed the Committee this funding was not necessary. The Committee understands the fiscal year 1986 request was based on the expected higher requirement and recommends a like reduction. The House did not address this issue.

Military end strength.—The Committee recommends a reduction of \$1,400,000 related to end strength support. The Committee notes the decreasing end strength approved by the Committee will lessen the requirements for operating support funds. This issue was not addressed by the House.

Other House adjustments.—The House included a \$2,000,000 general reduction as authorized for improper use of O&M funds. No justification was provided for this reduction. The House also reduced funding for issue of new equipment by \$1,000,000. The Committee does not concur in the House adjustment.

OPERATION AND MAINTENANCE, AIR FORCE

1985 appropriation	\$19,093,265,000
1986 budget estimate	20,924,400,000
House allowance	19,507,672,000
Committee recommendation	19,468,901,000

¹ The Committee recommends an appropriation of \$19,468,901,000. This is \$1,455,499,000 below the budget estimate and \$38,771,000 below the House allowance.

This appropriation provides for the activities of the active Air Force, including the pay of civilian personnel, operation and maintenance of aircraft, equipment and bases, training, direct care medical programs, and all associated activities.

SUMMARY OF COMMITTEE ADJUSTMENTS

Committee adjustments to the budget estimate, including those not specifically addressed in this report, are summarized in the following table:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
OPERATION AND MAINTENANCE, AIR FORCE					
STOCK FUND FUEL - REFUND.....	2,251,970	2,022,870	2,089,170	-162,600	+66,200
STOCK FUND PRICE REESTIMATE.....	1,950,768	1,614,268	1,751,968	-198,800	+137,700
FOREIGN CURRENCY EXCHANGE RATES.....	---	-269,200	-225,200	-225,200	+44,000
INDUSTRIAL FUND - REFUND.....	2,303,800	2,083,900	2,233,800	-70,000	+150,000
INFLATION REESTIMATE.....	191,239	178,239	178,239	-13,000	---
REAL PROPERTY MAINTENANCE.....	1,500,300	1,535,300	1,535,300	+35,000	---
PAY REDUCTION RESTORATION.....	-201,900	-100,950	---	+201,900	+100,950
EXPENSE/INVESTMENT CRITERIA CHANGE.....	82,100	15,500	15,500	-66,600	---
UNEMPLOYMENT COMPENSATION (UNAFE).....	12,137	9,224	12,137	---	+2,913
PRODUCTIVITY.....	4,122,192	4,041,792	4,122,192	---	+80,400
MILITARY PERSONNEL.....	18,860	-240	-240	-19,100	---
SPACE OPERATIONS, ETC.....	922,240	922,240	922,240	-50,000	---
INVENTORY CONTROL POINT.....	571,733	566,733	571,733	---	+5,000
INVENTORY CONTROL AUDIT.....	---	-10,000	---	---	+10,000
LOGISTICS SUPPORT.....	205,415	203,415	205,415	---	+2,000
BASE OPERATIONS SUPPORT.....	---	-30,000	-30,000	-30,000	---
CLASSIFIED PROGRAMS.....	---	-1,885	1,046	+1,046	+2,931
ADMINISTRATION.....	596,300	591,300	596,300	---	+5,000
TRAINING AND PERSONNEL.....	1,390,270	1,388,470	1,390,270	---	+1,800
COMMUNICATIONS DIVESTITURE SAVINGS.....	---	-10,000	---	---	+10,000
NORTH WARNING RADAR.....	368,056	361,856	361,856	-6,200	---
CONTRACTOR SUPPORT.....	37,720	17,720	17,720	-20,000	---
STRATEGIC SUPPORT.....	---	-5,000	---	---	+5,000
SOFTWARE MODERNIZATION.....	---	-2,000	---	---	+2,000
MEDICAL.....	1,273,900	1,270,550	1,273,900	---	+3,250
MANAGEMENT OF ADP.....	---	-25,000	---	---	+25,000
IMPROPER USE OF O&M FUNDS.....	---	-10,000	---	---	+10,000
AUDIT FOLLOW-UP.....	---	-10,000	---	---	+10,000
YEAR END SPENDING.....	---	-4,000	---	---	+4,000
GOLF COURSES.....	---	-5,000	---	---	+5,000
TAC DEPLOYMENT COSTS.....	10,790	9,590	10,790	---	+1,200
AIR BASE SURVIVABILITY.....	40,000	24,000	40,000	---	+16,000
I-S/A AMPE.....	58,000	---	58,000	---	+58,000
TELEPHONE SYSTEM UPGRADES (SCOPE DIAL/SCOPE EXCHANGE).....	10,800	3,300	10,800	---	+7,500
HISTORIAN PROGRAM.....	6,634	5,634	6,634	---	+1,000
SERVICE WIDE SUPPORT.....	376,239	375,139	376,239	---	+1,100
DEPARTMENTAL HEADQUARTERS.....	104,992	102,312	104,992	---	+2,680
COMMAND AND CONTROL.....	---	-20,000	-20,000	-20,000	---
LEGISLATIVE LIAISON ACTIVITIES.....	---	-120	---	---	+120
DRUG INTERDICTION.....	---	---	2,100	+2,100	+2,100
MEDICAL READINESS.....	---	---	5,600	+5,600	+5,600
PROFESSIONAL EDUCATION.....	---	---	-5,000	-5,000	-5,000
PUBLIC AFFAIRS ACTIVITIES.....	---	-130	---	---	+130
FLAT RATE PER DIEM.....	---	---	-10,800	-10,800	-10,800
TRANSPORTATION.....	---	---	-28,000	-28,000	-28,000
MATO AWACS.....	---	---	-4,486	-4,486	-4,486
KC-135 FLYING HOURS.....	---	---	-86,700	-86,700	-86,700
EDS.....	---	---	-4,500	-4,500	-4,500
COMPTROLLER CONTRACT.....	---	---	-3,959	-3,959	-3,959
COMMISSARY SUBSIDY.....	---	---	-43,400	-43,400	-43,400
COMPONENT REPAIR.....	---	---	-334,000	-334,000	-334,000
USAFE.....	---	---	-50,000	-50,000	-50,000
AUDIOVISUAL TRANSFER.....	---	---	1,000	+1,000	+1,000
CIVILIAN WORKYEAR REDUCTION (TRIM).....	---	---	-157,600	-157,600	-157,600
RECRUITING AND ADVERTISING.....	---	---	-3,000	-3,000	-3,000
AIDS.....	---	---	9,000	+9,000	+9,000
CIVILIAN TRAINING.....	---	---	6,000	+6,000	+6,000
NON-LETHAL AID TO AFGHANISTAN.....	---	---	10,000	+10,000	+10,000
ENVIRONMENTAL TRANSFER.....	---	---	-96,000	-96,000	-96,000
STUDS.....	---	---	-20,000	-20,000	-20,000
ALL OTHER ITEMS.....	2,669,945	2,669,945	2,669,945	---	---
TOTAL, AIR FORCE.....	20,924,400	19,507,672	19,468,901	-1,455,499	-38,771

KC-135 FLYING HOURS

The Committee recommends a reduction of \$86,700,000 for KC-135 air-to-air refueling tanker flying hours. This equates to a reduction of 43,000 flying hours. A recent Defense Department report from the inspector general states that KC-135 flying hours are higher than required to perform the mission. The inspector general report analyzed KC-135 flying hours for strategic air programs. The conclusion was that the program was overstated solely to provide for additional training for air crews. However, the report questioned the validity of the training requirement noting crews which received less than the required training time did not appear to suffer from a lack of readiness. Furthermore, the report cited evidence that while the Air Force fails to meet its established training goals due to funding constraints it does so with a minimal impact on readiness.

The Committee, therefore, reduces the funding as mentioned above and directs the Air Force to reevaluate its flying hour goals for the KC-135 program as part of a larger effort to consider reductions in all air crew training requirements. The House did not address this issue.

EUROPEAN DISTRIBUTION SYSTEM

The European distribution system [EDS] is a wartime delivery system established to enable spare parts to be provided quickly to units throughout the European theater. The goal is to increase the ability of the Air Force to generate wartime sorties. This program has been justified as a wartime system, yet it has an increasing peacetime funding profile. EDS aircraft fly predetermined routes on a regular basis during peacetime. Aircraft fly the established route whether spare parts are needed in an activity or not.

In fiscal year 1986, the Air Force is requesting an increase of 11,305 flying hours in conjunction with an increased number of aircraft. While the Committee supports the wartime mission and objectives of the system, it questions why its peacetime operations need to increase. Further, the Committee is still not convinced that solely Air Force usage of EDS is an efficient use of Government resources. Therefore, the Committee directs the U.S. European Command, the organization charged with overall U.S. military logistics in the European theater, to examine the possible use of EDS by all services at least on a spare available type basis and report to the Committee. In addition, the Committee recommends a reduction of \$4,500,000 associated with the increased flying hour funding requested in fiscal year 1986.

COMPONENT REPAIR

The Air Force requested an increase of \$334,000,000 in fiscal year 1985 to fund a one-time shortage for component repair requirements. The Congress appropriated the full amount as part of the Air Force budget in fiscal year 1985. The Committee is disturbed that no offsetting decrease has been included in the budget in calculating the fiscal year 1986 requirements. Further, the Air Force has informed the

Committee it is unable to track just how the additional funds for component repair were spent.

The Air Force claims all funding changes to its depot maintenance program are treated as baseline adjustments. This means either the Air Force is failing to justify its true program growth or has lost accountability of its funding. Whichever, the Congress is unable to determine true program changes if the Air Force is failing to reflect one-time changes with offsetting decreases. Accordingly, the Committee recommends a \$334,000,000 reduction in the depot maintenance program. Further, the Committee expects more suitable justification material will be provided to the Congress with the fiscal year 1987 budget request. The House failed to address this issue.

TRANSPORTATION

The Committee recommends a reduction of \$28,000,000 for transportation funding for the Air Force because of lower anticipated expenditures in fiscal year 1986 than budgeted. In fiscal year 1984, the Air Force spent nearly \$50,000,000 less than planned for transportation. Through the first three quarters of fiscal year 1985, the Air Force spent \$20,000,000 less than anticipated. Based on an extrapolation of the fiscal year 1985 level and the amount requested for fiscal year 1986, the Committee estimates the budget request is overstated by \$28,000,000. The House did not address this issue.

USAFE SUPPORT

The Committee recommends a reduction of \$50,000,000 related to U.S. Air Forces in Europe. The Committee is disturbed to find the Air Force has ignored the Committee's requirement to freeze USAF military manpower in Europe in fiscal year 1985. Further, the Committee is surprised at the lack of effort by the Air Force to streamline its growing manpower requirements in Europe.

The Committee previously addressed the Air Force stated requirement for manpower at ground launched cruise missile bases in Europe, that support personnel outnumber those charged with operating, maintaining, and performing the necessary security functions associated with the missiles. The Committee also understands the Air Force has more military and civilian personnel at its headquarters in Europe than does the Army which supports more than twice as many military and civilian personnel. USAFE has more individuals at headquarters just to oversee personnel in Europe than the Navy has assigned at its major headquarters activity. Clearly USAFE needs to pay closer attention to its manpower standards. In response to questions regarding Air Force manpower requirements, USAFE personnel respond its personnel levels are based on the Air Force standard.

The Committee believes this reduction is fully achievable if the Air Force reevaluates its manpower and support requirements. The Committee is also quite sure the Air Force will claim this reduction will cause the further erosion of combat capability in Europe. Therefore, the

Committee directs the European Command in conjunction with the Defense inspector general to perform a detailed comparison of the Army and Air Force manpower standards and funding requirements for the European theater. The Commander of the European Command should receive the authorized billets to perform such a task on a TDY basis without impacting on the European troop strength ceiling, so long as an interim report is provided to the Committee by August 1, 1986.

In addition to an analysis of manpower requirements, the Committee expects the study to focus on the cost of the base support provided to and by the units located in Europe and the required funding transfer which would be necessary to equalize support provided to each service. The House did not address this issue.

COMPTROLLER CONTRACT SERVICES

The Air Force is asking for a new program which will link the major command headquarters [MAJCOMS] to Air Force headquarters for better financial planning. The first year cost of the program is \$3,959,000. The Committee recommends no funding for this new program in fiscal year 1986. Further, if the Air Force intends to request funds for this program in the following years, it must demonstrate the productivity improvements which will occur and where military and civilian personnel can be reduced accordingly. The House did not address this issue.

CIVILIAN TRAINING

The Committee recommends providing \$6,000,000 above the budget request to enhance training for civilians in the procurement oversight field. The Committee understands the Defense Department's continuing effort to improve procurement practices and contract oversight is increasing the requirement for civilian training. The Committee strongly supports efforts underway to reform defense procurement practices and recommends the additional required funds. The House did not address this issue.

NONLETHAL AID TO AFGHANISTAN

The Committee recommends \$10,000,000 for the authorized add for transporting nonlethal aid to Afghanistan. The authorization included additional funding within the operating account for defense agencies. The Committee understands the Air Force will be charged with carrying out this program and recommends providing the funds to the Air Force. The House included \$10,000,000 in the defense agencies program in accord with the authorization.

I-S/A AMPE

The budget request includes \$58,000,000 for a computer software development program the inter-service/agency automate message processing exchange system [I-S/A AMPE]. The program will provide a standardized, multilevel secure replacement for the AUTODIN switch-

ing centers among other things. The House reduced all operating funds and provided \$31,700,000 in research funds. The House believes this developmental effort should be funded with research funds. The House allowance is based on anticipated savings from an Air Force decision to initiate a sole source contract instead of funding two development projects. The Air Force claims savings will not begin to accrue until fiscal year 1987 from this decision. The Committee recommends fully funding the program in the operating account.

The Air Force originally proposed this program be structured into two periods: a design period extending from design contract award to the production buy decision and an implementation phase. In order to achieve cost acquisition efficiencies and a hedge against uncertainties, while avoiding unacceptable delays in delivery, the Air Force proposed a competitive "fly-off" between the two contractors selected for the design period. At the end of the design period, a single contractor would be awarded an implementation phase to install, maintain, and support the planned deployment of the I-S/A AMPE systems worldwide.

The Committee is concerned with the Air Force's decision to initiate a sole source contract for this program. The decision to go sole source on this program will mean the Government has little choice except to procure this system from the contractor who receives the design and development contract. Therefore, the procurement contractor will have little incentive to minimize its costs in negotiating a procurement contract.

The Committee recognizes and supports this critical, secure DOD communications program and the competitive acquisition strategy that was originally proposed by the Air Force and concurred with by the Defense Department. This competitive acquisition strategy ensures the Government obtains a high confidence secure communication system. Considering the magnitude of both the cost and technical risks associated with this program, the Committee believes the Department should continue its past advocacy of competitive procurements. Therefore, the Committee directs that the Air Force obtain a second source for the design and development phase of this program, and that no funds be obligated until the Department of Defense certifies that a viable second source has been selected. The Committee directs the Secretary of Defense to develop a firm I-S/A AMPE 8-year funding profile to be submitted by January 15, 1986.

RELIABILITY AND MAINTAINABILITY

The Committee believes that reliability and maintainability [R&M] are critical elements of effective weapon systems. The Air Force has been very successful in developing and applying new technology and as a result, has pushed the performance of systems to new plateaus of capability. However, operational effectiveness also depends on the ability to successfully support these complex systems in ever more hostile environments. In the coming years, airlift, manpower, and fiscal con-

straints will challenge the Air Force as never before. For these reasons, the Committee supports the Air Force's commitment to improving R&M in fielded, in-production, and future weapon systems. For too long R&M has been a secondary consideration in the acquisition process. R&M should be viewed as a primary consideration equal in importance to cost, schedule, and other performance parameters. To bring about these changes, the Air Force has recently implemented an action plan which concentrates on key management objectives and establishes clear direction for R&M improvements through visible goals to increase combat effectiveness and operational supportability. The Congress has long endorsed improved R&M and the Committee is encouraged by the Air Force's effort.

NATO AEW&C PROGRAM

In fiscal year 1985, funding and budgeting responsibility for the NATO Airborne Early Warning and Control [AEW&C] Program was transferred from the Air Force to the Army. As executive agent, the Army budgets for all operations and support of this program. The Air Force budget request includes \$4,486,000 for NATO AEW&C support. Since the Army now budgets for the program, funding for Air Force support is no longer required. The Committee recommends a reduction of \$4,486,000.

OTHER ADJUSTMENTS

Airbase survivability.—The House reduced the budget request of \$40,000,000 for airbase survivability by \$16,000,000. The Committee does not agree with this reduction, because improving airbase survivability is an essential element of upgrading forces in Europe.

Special tactical unit detachments.—The Committee recommends a reduction of \$20,000,000 for this program. The details are discussed in the classified annex of this report.

Telephone upgrade.—The House included a reduction of \$7,500,000 for telephone upgrade systems under the Scope Exchange program. The Committee recommends funding the budget request to allow for competitive and cost-effective acquisition of telephone systems.

Gunter Air Force Station printing press.—In March 1985, the Joint Committee on Printing conducted an in-depth study of the printing plant located at the Gunter Air Force Station, AL. Their examination revealed that the Air Force was not participating fully in the Federal printing procurement program. Specifically, the Gunter facility regularly retains long-run, long lead-time, nonsecurity work for in-house production when such work could be procured from the private sector through Government Printing Office contracts at substantially lower cost to the Government. The Committee strongly suggests that the Air Force implement the recommendations made by the Joint Committee on Printing in their March 1985 report.

Other House adjustments.—The House reduced the budget request by \$95,050,000 in authorized cuts and other miscellaneous adjustments

which the Committee does not recommend. The authorized reductions were for uncited audit savings and miscellaneous unspecified reductions. The Committee has recommended other specified programmatic reductions to meet authorized funding ceilings. The Committee believes these reductions will be easier to implement than those recommended by the House.

OPERATION AND MAINTENANCE, DEFENSE AGENCIES

1985 appropriation	\$7,148,699,000
1986 budget estimate	7,568,900,000
House allowance	7,340,076,000
Committee recommendation	7,479,956,000

The Committee recommends an appropriation of \$7,479,956,000. This is \$88,944,000 below the budget estimate and \$139,880,000 above the House allowance.

This appropriation finances the operation and maintenance costs of the Office of the Secretary of Defense, the Office of the Joint Chiefs of Staff [JCS], eight Defense-wide agencies, and several field activities. Included are funds for American Forces Information Service, Civilian Health and Medical Program of the Uniformed Services [CHAMPUS], Tri-Service Medical Information System [TRIMIS], Dependents Education, Uniformed Services University of the Health Sciences [USUHS], and the Washington Headquarters Service.

SUMMARY OF COMMITTEE ADJUSTMENTS

Committee adjustments to the budget estimate, including those not specifically addressed in this report, are summarized in the following table:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
OPERATION AND MAINTENANCE, DEFENSE AGENCIES					
FOREIGN CURRENCY EXCHANGE RATE.....	---	-14,400	-14,400	-14,400	---
STOCK FUND PRICE REESTIMATE.....	130,203	41,203	116,203	-14,000	+75,000
OSD - GENERAL REDUCTION.....	134,756	133,756	134,756	---	+1,000
OSD - CONTRACT STUDIES AND ANALYSIS.....	10,630	16,320	10,630	---	+2,310
PAY REDUCTION RESTORATION.....	-151,400	-75,700	---	+151,400	+75,700
ORGANIZATION OF JCS - SPECIAL FUND.....	50,000	---	---	-50,000	---
ORGANIZATION OF JCS - GENERAL REDUCTION.....	379,236	368,018	379,236	---	+11,218
DEFENSE LOGISTICS AGENCY.....	1,701,770	1,694,504	1,701,770	---	+7,266
WASHINGTON HEADQUARTERS SERVICES.....	94,004	88,304	94,004	---	+5,700
YEAR END SPENDING.....	---	-7,000	---	---	+7,000
ADP MANAGEMENT.....	---	-10,000	---	---	+10,000
SMALL CLUBS.....	---	-1,000	---	---	+1,000
BASE OPERATIONS SUPPORT.....	200,200	190,200	190,200	-10,000	---
INVENTORY CONTROL.....	---	-5,000	---	---	+5,000
AMERICAN FORCES INFORMATION SERVICE.....	56,433	54,433	56,433	---	+2,000
DOD DEPENDENT SCHOOLS.....	644,070	653,770	644,070	---	+10,300
MEDICAL INFORMATION SYSTEMS.....	81,763	78,763	81,763	---	+3,000
DEFENSE COMMUNICATION AGENCY/DCA.....	200,612	276,612	200,612	---	+4,000
CLASSIFIED ACTIVITIES.....	---	-18,048	-20,526	-20,526	-2,478
PRODUCTIVITY.....	---	-38,700	---	---	+38,700
CONTRACT STUDIES.....	---	-10,000	---	---	+10,000
IMPROPER USE OF O&M FUNDS.....	---	-2,000	---	---	+2,000
EXPENSE/INVESTMENT CRITERIA CHANGE.....	16,000	3,000	3,000	-13,000	---
REAL PROPERTY MAINTENANCE.....	83,000	83,000	103,000	+20,000	+20,000
STUDY OF JOINT-DUTY CAREER SPECIALTY.....	---	100	---	---	-100
DEFENSE AUDIOVISUAL AGENCY.....	21,936	11,936	---	-21,936	-11,936
DEFENSE NUCLEAR AGENCY - TRAVEL.....	3,299	2,757	3,299	---	+542
DEFENSE CONTRACT AUDIT AGENCY - HEADQUARTERS.....	173,082	172,882	173,082	---	+200
AID TO AFGHANISTAN.....	---	10,000	---	---	-10,000
DIA - PROCUREMENT TECH. ASSISTANCE PROGRAM.....	2,000	7,500	5,000	+3,000	-2,500
DIS - BACKLOG.....	---	20,000	20,000	+20,000	---
DEFENSE COMMUNICATIONS AGENCY-CINC INITIATIVES.....	4,182	---	---	-4,182	---
COMMAND AND CONTROL.....	---	-10,000	-10,000	-10,000	---
LEGISLATIVE LIAISON ACTIVITIES.....	---	-175	---	---	+175
PUBLIC AFFAIRS ACTIVITIES.....	---	-75	---	---	+75
INFLATION.....	---	---	-4,500	-4,500	-4,500
CHAMPUS.....	---	---	-15,000	-15,000	-15,000
FLAT RATE PER DIEM.....	---	---	-1,000	-1,000	-1,000
ENVIRONMENTAL TRANSFER.....	---	---	-43,400	-43,400	-43,400
CIVILIAN WORKYEAR REDUCTIONS (TRIN).....	---	---	-107,800	-107,800	-107,800
RECRUITING AND ADVERTISING.....	---	---	-7,100	-7,100	-7,100
FAMILY ADVOCACY.....	---	---	+4,000	-4,000	-4,000
PEER REVIEW.....	---	---	7,500	+7,500	+7,500
QUALITY ASSURANCE.....	---	---	50,000	+50,000	+50,000
ALL OTHER ITEMS.....	3,624,316	3,624,316	3,624,316	---	---
TOTAL, DEFENSE AGENCIES.....	7,560,900	7,340,076	7,477,956	-88,944	+137,880

DEFENSE AUDIOVISUAL AGENCY

The Secretary of Defense announced the disestablishment of the Defense Audiovisual Agency in 1985. The services have assumed responsibility for the functions which have been performed by DAVA in the past. The budget request for DAVA activities was \$21,936,000. The Committee recommends a reduction of this amount from the Defense agencies budget. Five million dollars has been provided in the individual services funding to partially offset the new requirement.

The House reduced funding for this program by \$10,000,000 and left the remaining funds within the defense agencies account for later reprogramming. The Committee disagrees with the House that funds should be reprogrammed. The Committee fully understands the length of time required to reprogram funds and believes the reprogramming requirement will only add to the program disruption which occurs with reorganizations. While the Committee has provided fewer funds than the House, it firmly believes the former mission of DAVA can and will be carried out within the funds in the audiovisual budget of the various services as augmented by the Committee recommendation.

QUALITY ASSURANCE

The Committee recommends an allowance of \$50,000,000 for civilian training and related efforts to increase quality assurance and reduce spare part and related item overpricing. The Committee supports such efforts and encourages the Defense Logistics Agency to actively pursue procurement reform programs to eliminate the widely reported problems with excessive costs of purchased material. The House did not address this issue.

INFLATION

The Defense Department announced inflation savings for the Army, Navy, and Air Force, but did not include any estimate for the defense agencies. The Committee estimates the savings in the defense agencies will be \$4,500,000 in accord with the lower projected inflation rates and reduces the budget request accordingly. The House did not address this issue.

ORGANIZATION OF THE JOINT CHIEFS OF STAFF

The House recommended an \$11,218,000 reduction to the Organization of the Joint Chiefs of Staff [OJCS], based on an understanding that these funds would provide supplemental funding for the JCS special fund. It has come to the Committee's attention that these funds are budgeted for the Modern Aid to Planning Program [MAPP], ongoing planning and war gaming efforts since fiscal year 1984, and are not related to the JCS special fund. The Committee supports these efforts and recommends funding \$11,218,000 for the Modern Aid to Planning Program.

OTHER ADJUSTMENTS

Washington Headquarters Service.—The House included a reduction of \$4,700,000 for the Washington Headquarters Service. The one-time adjustment in the fiscal year 1984 Supplemental Act is not included in the baseline for the fiscal year 1986 budget request, as suggested by the House. The Committee recommends fully funding the request for the Washington Headquarters Service.

Department of Defense Dependent Schools [DODDS].—The House reduced the Department of Defense Dependent Schools [DODDS] by \$3,200,000 in fiscal year 1986 for overstaffed administration. DODDS is convinced the results of the study to be conducted on administrative staff will confirm the requirement for these positions in fiscal year 1986. Additionally, the House assumed a \$7,100,000 reduction for the Master Teacher Program. The Committee understands this program is only conducted in DODDS-Panama at a level of \$30,000. Accordingly, the Committee recommends funding the \$10,300,000 reduced by the House.

DODDS teacher aides.—The House directed the Department of Defense Dependents School [DODDS] not to include the employment of teacher aides in Europe in any staff ceiling and to insure that proper funding is provided to hire these aides. The Committee agrees with this action and further directs DODDS to expand the hiring of teacher aides to all DODDS overseas.

DCA CINC Initiatives.—The House included a \$4,182,000 reduction for the Defense Communications Agency [DCA] Commander-in-Chief [CINC] Initiatives Program. These are discretionary funds set aside for emergent command and control requirements during the current fiscal year. The Committee opposes budgeting for contingency operations and deletes the funding for the DCA CINC initiatives. Additionally, the Committee eliminates procurement funds of \$7,900,000 also identified with this program.

Procurement Technical Assistance Program.—The Committee recommends \$5,000,000 for procurement technical assistance centers, in agreement with the authorized level. These centers aid businesses which are not familiar with Department of Defense procurement procedures in developing procurement proposals. The House provided an additional \$2,500,000 for procurement technical assistance centers.

GUARD AND RESERVE FORCES

Guard and Reserve O&M Support.—The Committee recommends a reduction of \$13,500,000 for operation and maintenance support of National Guard and Reserve personnel. The authorization reduced the fiscal year 1986 budget request for selected reserve and full-time support personnel, thus lessening the requirement for O&M support by \$13,500,000. Specific reductions are displayed in the tables in the Reserve components accounts.

Reserve Officer Tuition Assistance.—The House included a general provision that would grant legal authority to the Army National Guard

and Reserve to extend the Army Continuing Education System [ACES] to assist Guard and Reserve officers in attaining education requirements. The provision allows Guard and Reserve officers to receive tuition assistance providing they remain in service for 4 years after the completion of their education requirements. Active duty officers must serve 2 years. The Committee agrees with the House recommendation.

The Committee is also aware that the Army National Guard Assistance for the Military Professional Development [AMPD] program, designed to assist guard officers in postsecondary education, was terminated on the basis of an Army Judge Advocate General [JAG] ruling that there was no legal authority for the program. The Committee has included language in the general provision to reimburse those individuals who received assistance under the AMPD program, and forfeited money as a result of its cancellation. The Committee agrees with the House that previously expended funds under this program need not be recouped and, further, that individuals who received assistance must also remain in the Ready Reserve for 4 years after the completion of their education program.

Readiness initiatives.—The Committee recommends \$57,900,000 for programs designed to increase the readiness of Army National Guard and Reserve units. Specifically, the funds will provide \$15,000,000 for ROLAND battalion maintenance and \$42,900,000 for equipment associated with changing the structure of Guard and Reserve units in conjunction with the Division 86 Program.

Other Guard and Reserve issues.—The Committee recommends \$54,900,000 for authorized additions to the budget request for Guard and Reserve programs. The specific programs are delineated in the operating account tables. The House allowance includes all of these programs. In addition, the House provided \$27,000,000 above the authorized level for Federal funding of Army National Guard armories. The Committee recommends only the authorized funding. The Committee is concerned that armory funding for repair and maintenance should be provided by the States and not by the Federal Government. The Committee agrees to provide this one-time increase for armory maintenance as authorized, but does not agree that the U.S. Government should begin to bear responsibility for funding maintenance on State armories. As such, it does not recommend the additional funds as provided by the House.

OPERATION AND MAINTENANCE, ARMY RESERVE

1985 appropriation	\$731,736,000
1986 budget estimate	779,600,000
House allowance	774,980,000
Committee recommendation	793,100,000

The Committee recommends an appropriation of \$793,100,000. This is \$13,500,000 above the budget request and \$18,120,000 above the House allowance.

This appropriation provides for the activities of the Army Reserve, including the pay of civilian personnel, operation and maintenance of facilities and aircraft, support of training activities, and all associated activities.

SUMMARY OF COMMITTEE ADJUSTMENTS

Committee adjustments to the budget estimate, including those not specifically addressed in this report, are summarized in the following table:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
OPERATION AND MAINTENANCE, ARMY RESERVE					
STOCK FUND FUEL - REFUND.....	24,730	23,630	23,630	-1,100	---
STOCK FUND PRICE REESTIMATE.....	137,241	119,041	119,041	-18,200	---
CIVILIAN PAY RESTORATION.....	-12,400	-3,100	---	+12,400	+3,100
EXPENSE/INVESTMENT CRITERIA CHANGE.....	200	---	---	-200	---
ANTITERRORISM INITIATIVES.....	---	4,700	4,700	+4,700	---
TRAINING ASSISTANCE BY READINESS GROUPS.....	---	1,000	1,000	+1,000	---
UPGRADE OF COMMUNICATIONS.....	---	1,200	1,200	+1,200	---
AGR END STRENGTH REDUCTION - O&M SUPPORT.....	8,389	7,069	8,389	-	+1,320
MILITARY END STRENGTH.....	---	---	-5,400	-5,400	-5,400
RECRUITING AND ADVERTISING.....	52,900	52,900	48,400	-4,500	-4,500
OVER 40 MEDICAL SCREENING.....	---	---	700	+700	+700
FORCE STRUCTURE INITIATIVE.....	---	---	22,900	+22,900	+22,900
ALL OTHER ITEMS.....	568,540	568,540	568,540	---	---
TOTAL, ARMY RESERVE.....	779,600	774,980	793,100	+13,500	+18,120

OPERATION AND MAINTENANCE, NAVY RESERVE

1985 appropriation.....	\$828,581,000
1986 budget estimate.....	954,500,000
House allowance.....	896,415,000
Committee recommendation.....	896,700,000

The Committee recommends an appropriation of \$896,700,000. This is \$57,800,000 below the budget request and \$285,000 above the House allowance.

This appropriation provides for the activities of the Navy Reserve, including the pay of civilian personnel, operation and maintenance of facilities and aircraft, support of training activities, and all associated activities. Costs of operating the Marine Reserve Air Wing are also included.

SUMMARY OF COMMITTEE ADJUSTMENTS

All Committee adjustments recommended, including those not specifically addressed in this report, are summarized in the following table:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
OPERATION AND MAINTENANCE, NAVY RESERVE					
STOCK FUND FUEL - REFUND.....	139,284	132,284	132,284	-7,000	---
STOCK FUND PRICE REESTIMATE.....	233,679	193,079	193,079	-40,600	---
EXPENSE/INVESTMENT CRITERIA CHANGE.....	17,700	3,400	3,400	-14,300	---
REAL PROPERTY MAINTENANCE.....	37,381	40,881	44,381	+7,000	+3,500
PAY REDUCTION RESTORATION.....	-2,700	-675	---	+2,700	+675
PRODUCTIVITY.....	67,051	65,351	65,351	-1,700	---
AUTHORIZATION ADJUSTMENT.....	---	-10	---	---	+10
MILITARY END STRENGTH.....	---	---	-400	-400	-400
RECRUITING AND ADVERTISING.....	17,100	17,100	13,600	-3,500	-3,500
ALL OTHER ITEMS.....	445,005	445,005	445,005	---	---
TOTAL, NAVY RESERVE.....	954,500	896,415	896,700	-57,800	+285

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

1985 appropriation.....	\$58,792,000
1986 budget estimate.....	61,600,000
House allowance.....	57,120,000
Committee recommendation.....	57,200,000

The Committee recommends an appropriation of \$57,200,000. This is \$4,400,000 below the budget request and \$80,000 above the House allowance.

This appropriation provides for the activities and training of the units of the selected reserve of the Marine Corps, including the pay of civilian personnel and all associated activities.

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
OPERATION AND MAINTENANCE, MARINE CORPS RESERVE					
STOCK FUND FUEL - REFUND.....	21,596	17,396	17,396	-4,200	---
PAY REDUCTION RESTORATION.....	-200	-50	---	+200	+50
PRODUCTIVITY.....	4,110	3,810	3,810	-300	---
EXPENSE/INVESTMENT CRITERIA CHANGE.....	100	---	---	-100	---
AUTHORIZATION ADJUSTMENT.....	---	-30	---	---	+30
ALL OTHER ITEMS.....	35,994	35,994	35,994	---	---
TOTAL, MARINE CORPS RESERVE.....	61,600	57,120	57,200	-4,400	+80

OPERATION AND MAINTENANCE, AIR FORCE RESERVE

1985 appropriation.....	\$879,761,000
1986 budget estimate.....	907,700,000
House allowance.....	896,844,000
Committee recommendation.....	910,200,000

The Committee recommends an appropriation of \$910,200,000. This is \$2,500,000 above the budget request and \$13,356,000 above the House allowance.

This appropriation provides for the activities of the Air Force Reserve, including the pay of civilian personnel, operation and maintenance of facilities and aircraft, support of training activities, and all associated activities.

SUMMARY OF COMMITTEE ADJUSTMENTS

All Committee recommended adjustments to the budget estimate, including those not specifically addressed in this report, are summarized in the following table:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
OPERATION AND MAINTENANCE, AIR FORCE RESERVE					
STOCK FUND FUEL - REFUND.....	137,734	130,334	130,334	-7,400	---
STOCK FUND PRICE REESTIMATE.....	71,053	64,053	64,053	-7,000	---
EXPENSE/INVESTMENT CRITERIA CHANGE.....	1,000	200	200	-800	---
PAY REDUCTION RESTORATION.....	-14,000	-3,500	---	+14,000	+3,500
PRODUCTIVITY.....	330,174	317,674	317,674	-12,500	---
SPECIAL OPERATIONS FORCES READINESS ENHANCEMENT.....	15,735	22,035	22,035	+6,300	---
AUTHORIZATION ADJUSTMENT.....	---	44	---	---	-44
REAL PROPERTY MAINTNANCE.....	---	---	7,500	+7,500	+7,500
F-4 UPGRADE.....	---	---	2,400	+2,400	+2,400
ALL OTHER ITEMS.....	366,002	366,002	366,002	---	---
TOTAL, AIR FORCE RESERVE.....	907,700	896,844	910,200	+2,500	+13,356

COMMITTEE ADJUSTMENTS

F-4 modification installations.—The Committee has provided \$2,400,000 for installation of F-4 modification installations. This issue is addressed in detail in the aircraft procurement account of the Air Force.

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

1985 appropriation.....	\$1,437,487,000
1986 budget estimate.....	1,605,200,000
House allowance.....	1,646,305,000
Committee recommendation.....	1,656,100,000

The Committee recommends an appropriation of \$1,656,100,000. This is \$50,900,000 above the budget request and \$9,795,000 above the House allowance.

This appropriation provides for the activities and training of the Army National Guard, including the pay of civilian personnel, operation and maintenance of facilities and aircraft, support of training activities, and all associated activities.

SUMMARY OF COMMITTEE ADJUSTMENTS

Committee adjustments to the budget estimates, including those not specifically addressed in this report, are summarized as follows:

[in thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD					
STOCK FUND FUEL - REFUND.....	63,448	49,348	49,348	-14,100	---
STOCK FUND PRICE REESTIMATE.....	434,795	406,795	406,795	-28,000	---
EXPENSE/INVESTMENT CRITERIA CHANGE.....	5,000	1,000	1,000	-4,000	---
CIVILIAN TECHNICIANS.....	653,372	688,372	688,372	+35,000	---
FEDERAL FUNDING FOR ARMORY OPERATIONAL COSTS.....	---	20,000	---	---	-20,000
MOD & REPAIR OF OFFICE FOR FULL-TIME NATL GUARD PER...	---	6,000	6,000	+6,000	---
PARTIAL FED FUNDING FOR MAJOR REPAIR & RENOVATION....	---	7,000	---	---	-7,000
PAY REDUCTION RESTORATION.....	-25,900	-6,475	---	+25,900	+6,475
PRODUCTIVITY.....	---	-200	-200	-200	---
AUTHORIZATION ADJUSTMENT.....	---	-20	---	-	+20
MILITARY END STRENGTH.....	---	---	-7,700	-7,700	-7,700
RECRUITING AND ADVERTISING.....	39,200	39,200	37,200	-2,000	-2,000
POLAND MAINTENANCE.....	---	---	15,000	+15,000	+15,000
FORCE STRUCTURE INITIATIVE.....	---	---	20,000	+20,000	+20,000
AIDS.....	---	---	5,000	+5,000	+5,000
ALL OTHER ITEMS.....	435,285	435,285	435,285	---	---
TOTAL, ARMY NATIONAL GUARD.....	1,605,200	1,646,395	1,656,100	+50,900	+9,795

OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

1985 appropriation.....	\$1,825,439,000
1986 budget estimate.....	1,830,100,000
House allowance.....	1,803,862,000
Committee recommendation.....	1,806,200,000

The Committee recommends an appropriation of \$1,806,200,000. This is \$23,900,000 below the budget request and \$2,338,000 above the House allowance.

This appropriation provides for the activities of the Air National Guard, including the pay of civilian personnel, operation and maintenance of facilities and aircraft, support of training activities, and all associated activities.

SUMMARY OF COMMITTEE ADJUSTMENTS

Committee adjustments to the budget estimate, including those not specifically addressed in this report, are summarized as follows:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
OPERATION AND MAINTENANCE, AIR NATIONAL GUARD					
STOCK FUND FUEL - REFUND.....	364,580	344,580	344,580	-20,000	---
STOCK FUND PRICE REESTIMATE.....	140,361	124,961	124,961	-15,400	---
PAY REDUCTION RESTORATION.....	-26,800	-6,700	-4,400	+22,400	+2,300
PRODUCTIVITY.....	703,855	696,855	696,855	-7,000	---
EXPENSE/INVESTMENT CRITERIA CHANGE.....	4,800	900	900	-3,900	---
AUTHORIZATION ADJUSTMENT.....	---	-38	---	---	+38
ALL OTHER ITEMS.....	643,304	643,304	643,304	---	---
TOTAL, AIR NATIONAL GUARD.....	1,830,100	1,803,862	1,806,200	-23,900	+2,338

COMMITTEE ADJUSTMENTS

T-39 aircraft.—Currently, the Air National Guard uses the aging T-33 aircraft to conduct its electronic countermeasures training. These aircraft are inadequate and deficient in performing this mission. The Committee is aware that the Air Force is retiring its T-39 aircraft because they are obsolete for their operational support aircraft mission. The T-39 could be used as a replacement for the T-33 at little cost to the Government. The Committee understands if the T-33 aircraft were replaced by 45 T-39 aircraft, savings of at least \$30,000,000 would occur over a 10-year period due to lower fuel consumption and maintenance costs. Further, additional costs are incurred by the Government as T-39's are retired, through preparation for storage at the military aircraft storage disposition center. Therefore, the Committee directs the Air Force to transfer 45 T-39 aircraft from the active Air Force to the Air National Guard and retire its T-33 fleet in fiscal year 1986. This will avoid the retirement costs of the T-39 and provide for operational benefits and cost savings for the Air National Guard.

The Committee further directs the Air National Guard to use existing operations funds to establish an appropriate support system for T-39 spare parts management and depot level maintenance.

NATIONAL BOARD FOR THE PROMOTION OF RIFLE PRACTICE, ARMY

1985 appropriation	\$926,000
1986 budget estimate.....	920,000
House allowance.....	820,000
Committee recommendation.....	920,000

The Committee recommends an appropriation of \$920,000, the same as the budget estimate and \$100,000 above the House allowance.

This appropriation provides funds for the Board which promotes marksmanship training with military type individual small arms among able-bodied citizens outside the active services of the Armed Forces, formulates policy governing civilian marksmanship programs, and formulates rules and regulations governing national matches.

CLAIMS, DEFENSE

1985 appropriation	\$157,900,000
1986 budget estimate	158,300,000
House allowance	148,300,000
Committee recommendation	143,300,000

The Committee recommends an appropriation of \$143,300,000, an authorized decrease of \$15,000,000 below the budget estimate and \$5,000,000 below the House allowance.

This appropriation provides for the payment of all noncontractual claims against the Department of Defense, as authorized by law, and represents the consolidated requirements of the Secretary of Defense and the Departments of the Army, the Navy, and the Air Force.

COURT OF MILITARY APPEALS

1985 appropriation	2,870,000
1986 budget estimate	3,200,000
House allowance	3,200,000
Committee recommendation	3,200,000

The Committee recommends an appropriation of \$3,200,000, the same as the budget request and the House allowance.

This appropriation provides for the salaries of the three judges, officers and employees, and other necessary expenses of the Court. The Court, which is established pursuant to the Uniform Code of Military Justice, serves as the appellate court of last resort for the more serious court-martial convictions of military personnel.

TENTH INTERNATIONAL PAN AMERICAN GAMES

1985 appropriation	
1986 budget estimate	
House allowance	\$10,000,000
Committee recommendation	10,000,000

The Committee recommends an appropriation of \$10,000,000, an increase of \$10,000,000 over the budget request and the same as the House allowance. This appropriation provides support for the 10th International Pan American Games.

ENVIRONMENTAL RESTORATION, DEFENSE

1985 appropriation	\$314,000,000
1986 budget estimate	
House allowance	(329,100,000)
Committee recommendation	429,100,000

The Committee recommends an appropriation of \$429,100,000 for environmental cleanup programs at active and former Defense Department installations. This is \$100,000,000 above the amount requested in total for these efforts. The budget did not include funding in the central account, rather funds were requested in the individual service appropriations. Both the House and the Committee agree to centralize funding for this program. The House included \$329,100,000 in the cen-

tral account to be derived by transfer from the miscellaneous accounts. Recommended bill language alleviates the need for the House transfer provision. The Committee's additional funding will allow the Defense Department to proceed expeditiously in cleaning up hazardous sites.

The "Environmental restoration" account, created in 1984 by the Congress, allows the Defense Department to comply with the provisions of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Superfund legislation, which requires the Defense Department and other Federal agencies to take responsibility for environmental remedial action at Federal facilities.

The Committee recommends new bill language to allow the Defense Department to transfer funds from the central account to the various appropriations of the Defense Department from which expenditures will be made. This will eliminate the need for two separate accounting functions to track expenditures. This language is similar to provisions contained in the Superfund reauthorization.

The Committee directs the Defense Department to establish future budgets for environmental cleanup programs within this central account. However, it seeks to dispense with funding current generated hazardous waste disposal operations within the environmental fund. The purpose of the environmental fund is for remedial actions to cleanup hazardous waste left unchecked from the past. Future budgets should include funding for current hazardous waste disposal operations within the various service budgets. To permit an orderly transition for financial responsibility, the Committee will not object to the use of funds in fiscal year 1986 from the environmental fund for these efforts. The fiscal year 1987 budget should include separate funding for current hazardous waste disposal within the various service budgets. All other environmental cleanup funds should be budgeted in the central account.

In order to properly evaluate the funding required for environmental projects, the Committee requests an annual report on the Department's progress and activity in this area. Such a report should describe the status of each base for which a phase I or preliminary assessment has been conducted. The report should include a description of the hazard presented at each site, and plans and schedules for initiating response action. The Committee should be kept informed of any decision not to pursue action at a base and any postponements or failure to complete response action. The Committee urges the Department to prepare cost estimates of cleanup on a site-by-site basis. The Committee expects that these cost estimates will form the basis of the Department's budget justification documents.

Over the past 2 years, the Defense Department has applied considerable management attention to environmental issues in sharp contrast to prior history. The Committee is gratified that the Secretary of Defense has adopted an appropriate management approach to these matters of such high priority to Congress. To assure continued support for this

program, the Committee directs that such resources as may be necessary from funds available to the "Defense Agencies operating" account be used to add at least five positions to the OSD staff office for environmental policy.

TITLE III PROCUREMENT

APPROPRIATION SUMMARY

The Committee recommends \$97,880,325,000 for Department of Defense procurement programs in fiscal year 1986. This is a decrease of \$8,932,975,000 below the budget request, \$768,921,000 above the fiscal year 1985 appropriations, and \$11,283,113,000 above the allowance recommended by the House. This amount provides no real growth for fiscal year 1986 for defense procurement for the first time in the last several years. In contrast to other titles of the bill, there is a 3-percent decrease in real purchasing power. Recommended allowances are tabulated below and explained in subsequent sections:

[In thousands of dollars]

	Fiscal year 1985 enacted	Fiscal year 1986 request	House allowance	Committee recom- mendation
Aircraft procurement, Army.....	3,940,900	3,892,500	3,337,300	3,504,200
Account transfers			(217,600)	(101,800)
Missile procurement, Army.....	3,167,000	3,386,700	2,939,232	3,056,050
Account transfers			(124,500)	(49,700)
Procurement of weapons and tracked combat vehicles, Army.....	4,548,100	5,739,100	3,749,004	4,629,900
Account transfers			(806,896)	(240,800)
Procurement of ammunition, Army.....	2,646,300	2,635,000	1,858,200	2,588,213
Account transfers			(215,200)	(209,900)
Other procurement, Army.....	5,122,450	5,712,800	4,809,986	5,172,330
Account transfers			(297,400)	(238,000)
Aircraft procurement, Navy.....	10,903,798	12,062,600	10,446,400	10,289,651
Account transfers			(594,600)	(566,382)
Weapons procurement, Navy.....	4,353,611	5,627,900	5,093,733	5,372,563
Account transfers			(109,600)	(15,000)
Shipbuilding and conversion, Navy.....	11,736,000	11,411,600	8,648,900	9,598,900
Account transfers	(36,300)		(2,058,500)	(1,057,600)
Other procurement, Navy.....	5,341,614	6,601,200	5,682,694	6,463,560
Account transfers			(312,762)	(221,000)
Coastal defense augmentation.....				375,000
Procurement, Marine Corps.....	1,836,722	1,726,800	1,610,749	1,689,982
Account transfers			(85,717)	(31,056)
Aircraft procurement, Air Force.....	26,188,266	26,165,500	20,722,700	24,142,651
Account transfers			(1,458,300)	(648,000)
Missile procurement, Air Force.....	6,909,245	10,862,700	8,043,527	8,643,937
Account transfers	(1,500,000)		(155,000)	(64,400)
Other procurement, Air Force.....	8,861,697	9,538,000	7,890,918	8,831,674
Account transfers			(347,476)	(282,000)

[In thousands of dollars]

	Fiscal year 1985 enacted	Fiscal year 1986 request	House allowance	Committee recommendation
Procurement, defense agencies	1,165,701	1,391,900	1,181,869	1,426,914
Account transfers			(36,000)	(36,000)
Defense Production Act purchases	10,000	59,000		31,000
National Guard and Reserve equipment	380,000		582,000	2,063,800
Account transfers			(8,000)	(178,400)
Total, title III, procurement				
New budget (obligational) authority	97,111,404	106,813,300	86,597,212	97,983,719
Total, transfers	(1,536,300)		(6,827,551)	(3,940,038)

HIGHLIGHTS

The Committee recommends \$97,880,325,000 in new budget authority for procurement to continue equipment modernization of the Armed Forces. This is \$8,932,975,000 below the budget. In addition, \$3,940,038,000 in prior year transfers is made available.

RECOMMENDATIONS FOR THE ACTIVE FORCE

Committee recommendations in support of the Active Force will provide:

- Continued full rate production of the AH-64 helicopter, of which 18 shall go to the Army Reserve.
- 80 UH-60 and 18 EH-60 helicopters, an increase of 2 over the budget.
- 585 Patriot air defense missiles and associated fire units to support continue modernization of the Army and the United States—Federal Republic of Germany NATO airbase air defense agreement.
- 3,439 new Stinger-RMP portable air defense missiles.
- 18,500 TOW-II antitank missiles.
- 72,000 MLRS rockets.
- Over 1,500 Bradley fighting vehicles and armored personnel carriers.
- 720 new M-1A1 tanks with 120 mm gun and approval for multi-year procurement of the last 3,299 tanks in the current program.
- \$150,000,000 for follow-on air defense equipment due to cancellation of DIVAD gun.
- Provides full amount requested for GB-2 and Bigeye chemical weapons and associated production facilities.
- Continued rate production of 84 F/A-18 aircraft, 18 F-14 aircraft, 46 AV-8B aircraft and 22 AH-1T helicopters.
- Continued rate production of 249 Tomahawk, 395 Harpoon, and 904 HARM missiles.
- Funding for 265 Phoenix missiles with approval to establish a second competitive source of production.

- Increased quantities of the Sparrow, Sidewinder, and Sidearm air-to-air missiles for the Navy.
- Increased second year production of 123 MK-48 ADCAP torpedoes and approval for multiyear procurement of the MK-46 light weight torpedo.
- Construction of one Trident submarine, four SSN-688 nuclear powered attack submarines, and three CG-47 AEGIS cruisers.
- \$375,000,000 for capital equipment to be used by the Coast Guard for coastal defenses.
- Establishment of an \$852,100,000 fund for construction of commercial vessels for sea lift reserves subject to authorizing guidelines.
- Procurement of two replacement aircraft for Air Force One missions funded from prior year savings.
- Procurement of the last 48 B-1B bombers.
- Production of 48 F-15 and 180 F-16 fighter aircraft.
- Procurement of 16 C-5Bs and 12 KC-10 tankers.
- Continued reengining of the KC-135 tanker fleet.
- 12 additional operational MX missiles.
- Increased quantities of Sparrow and Sidewinder air-to-air missiles plus funding to prepare the AMRAAM for initial production next year for the Air Force.

RECOMMENDATIONS FOR THE NATIONAL GUARD AND RESERVE

Committee recommendations in support of the National Guard and Reserves will provide these unbudgeted items:

- \$575,400,000 for miscellaneous Army Reserve equipment which is partially funded with prior year DIVAD funds.
- \$15,000,000 for pilot program to extend the service life of 500 Army Reserve tactical cargo trucks.
- 24 Chaparral fire units for the Army Guard.
- 235 M-113A3 armored personnel carriers and 100 M-577A2 command post carriers for the Army National Guard.
- \$28,200,000 for improved TOW vehicle modifications for the Guard.
- 54 M-198 towed 155 mm howitzers for the Army Guard.
- \$50,000,000 for Army Guard nonsystem training devices.
- 300 M-923 5-ton cargo trucks for the Army National Guard.
- \$32,000,000 for pilot program to extend the service life of 1,157 Army Guard tactical cargo trucks.
- Funds for four search and rescue helicopters for the Navy Reserve.
- \$230,000,000 for miscellaneous Navy Reserve equipment.
- \$40,000,000 for Marine Corps Reserve KC-130T tankers.
- \$100,000,000 for miscellaneous Marine Corps Reserve equipment.
- 16 C-130H's, 8 each for the Air Force Reserve and Air National Guard, part of which is funded with prior year savings.

- \$100,000,000 for miscellaneous Air Force Reserve equipment.
- \$150,000,000 for miscellaneous Air National Guard equipment.
- \$92,100,000 for Air National Guard F-4 avionics upgrade.
- \$78,000,000 for Air National Guard A-7 avionics upgrade.

In addition, there are the following budgeted items:

- 30 UH-60A helicopters for the Army National Guard and the Army Reserve.
- 3 EH-60A Quickfix electronic warfare helicopters for the Army Reserve.
- 1,200 Stinger-RMP man portable air defense missiles for the Army Guard.
- 117 Bradley fighting vehicles for the Army Guard.
- 94 M-88A1 tank recovery vehicles for the Guard and Reserve.
- 60 M-1A1 tanks with the new 120 mm gun for the Army Guard.
- Over 8,200 tactical trucks including the new high mobility multi-purpose wheeled vehicle [HMMWV] for the Army Guard and Reserve.
- Over 1,700 HMMWV's for the Marine Corps Reserve.

INFLATION FUNDING

The Department and the Congress follow a full funding policy where all costs, including projected inflation, are provided in the budget year appropriation.

In the late 1970's, inflation grew faster than projections, causing underfunding and program cuts. More recently, inflation has dipped below budgeted rates for general purchases but not for the major DOD commodities. For the past 2 years, the Committee and the Department of Defense have identified inflation savings and applied them as budget reductions. In the fiscal year 1985 supplemental appropriations bill, for example, the Committee applied \$1,200,000,000, mostly based on inflation savings. Similarly, the Committee has recommended reinvestment of \$5,500,000,000 in prior year appropriations throughout the bill, based in large part on inflation savings.

In addition, the House recommended two other categories of inflation savings. First, based on revised fiscal year 1985 inflation assumptions, the House has proposed a so-called 1985 fairness adjustment. Second, the House deleted funds associated with the 30-percent inflation premium which is added to the GNP inflator for the major procurement accounts in the fiscal year 1986 budget. The direct and offsetting House reductions to the 1986 program procurement are displayed below:

HOUSE PROPOSED ADJUSTMENT

Account	1985 fairness	1986 premium	Total
Aircraft, Army	\$66,000,000	\$81,600,000	\$47,600,000
Missiles, Army	53,000,000	71,400,000	124,400,000
Weapons and tracked combat vehicles, Army	79,000,000	120,700,000	199,700,000
Aircraft, Navy	181,000,000	253,300,000	434,300,000
Weapons, Navy	72,000,000	119,000,000	191,000,000
Shipbuilding, Navy		241,700,000	241,700,000
Procurement, Marine Corps	31,000,000	37,400,000	68,400,000
Aircraft, Air Force	439,000,000	549,100,000	988,100,000
Missiles, Air Force	115,000,000	227,800,000	342,800,000
Total	1,036,000,000	1,702,000,000	2,738,000,000

With respect to the fiscal year 1985 fairness inflations savings, the Committee understands the basis of this adjustment was a June 28, 1985, analysis by the Congressional Budget Office. That analysis shows that the impact of declining inflation rates below those assumed in the budget submissions generated a savings of \$5,068,000,000 for the 1983-85 procurement programs.

For prior year inflation, the Committee seriously questions whether any substantial additional savings are available because of a combination of actions by the Congress and the Department. In the current session, for example, the Department has identified and the Congress has already taken a total of at least \$4,439,000,000 from the 1983-85 procurement programs. These reductions include those suggested by the Department in its May 1984 and May 1985 reduction packages plus the reductions made in financing the Department's fiscal year 1985 supplemental. This is only \$629,000,000 short of the CBO estimate without considering the individual reductions applied by the Committee on individually identified contract savings. These gross numbers are also independent of \$325,000,000 in other savings which are pending or were reprogrammed with congressional approval. Furthermore, the Defense Department returned more than \$7,000,000,000 to the Treasury as lapsed appropriations between fiscal year 1982 and 1984. A portion of these savings recoup additional excess inflation funding in the procurement accounts.

The CBO report also notes that the actual price increases in 1983 and 1984 for major weapons procurement were greater than the increases for other defense purchases by 223 percent and 187 percent in 1983 and 1984 respectively. Even with the 30-percent kicker included in the budget, many of the major 1983 and 1984 procurement programs could be underfunded. Correctly, the House did not claim a fairness adjustment was needed for those years.

Committee numbers also show that to date, the Department and Congress have identified and recovered \$1,648,600,000 in fiscal year 1985 procurement savings compared to the CBO estimate of \$1,624,000,000. The Committee expects that additional savings will be identified as the 1985 contracts become fully negotiated, without regard to whether all the specific accounts have been reduced with mathematical

precision. Accordingly, the Committee sees no need for additional reductions and has, therefore, restored all of the House's proposed fiscal year 1985 fairness adjustments.

With respect to the inflation premium, the CBO report clearly shows this 30-percent kicker was justified for 1983 and 1984. At the time of the 1985 budget submission and consideration, the Committee believes the Department and Congress were justified in accepting the inflation premium under the traditional full funding policy. It remains uncertain whether all or part of the 30-percent-inflation premium is unwarranted for fiscal year 1986.

The Department's appeal states:

The rate of inflation has fallen during recent months as a result of the success of the administration's economic program. However, there is not yet enough indication for us to assume that inflation experience in the major procurement accounts will equate to that of the overall gross national product [GNP] deflator. * * * it would appear premature to reduce these accounts by \$1,700,000,000 on the belief that the programs appropriated today will remain adequately priced through the completion of their execution phase without the use of a special factor. Should savings occur over the execution time period of procurement programs, we will report them as required in the (House Appropriations Committee) report * * * allowing for an orderly adjustment process should future inflation continue to recede.

The Committee agrees that while the most recent inflation data would question the entire 30-percent premium, there is no conclusive evidence to support its elimination. The Committee further agrees that an orderly process should be established to recoup excess inflation allowances as they occur.

In restoring the House inflation premium adjustment, the Committee endorses the House direction for a Department report to the Committee on Appropriations of the Senate and House on policy alternatives for calculating inflation for procurement accounts.

The Committee directs that this report on possible improvements to inflation procedures used by the Department relative to inflation in budget preparation and execution should discuss specific improvements and make recommendation on:

- efforts to enhance the accuracy of inflation forecasting indices for budgeting purposes;
- procedures for inflation budgeting which track and compare with actual inflation;
- accounting procedures for identifying, tracking and recouping excess inflation funds;
- providing for the impact of fluctuations in forecasted and actual inflation rates on procurement areas and nonprocurement areas such as the foreign currency and working capital funds.

The report required by section 1406 of the 1986 DOD authorization bill should satisfy the Committee's needs if the above considerations are also addressed.

With respect to the report on unobligated balances required by section 1407 of the authorization bill, the Committee recommends the Department include an analysis showing which of these funds in each appropriation can not be recovered by Congress and a detailed justification by appropriation for that assessment. It is the Committee's intention to arrange for GAO monitoring and review of this report. The Department's cooperation in this regard is expected.

As a separate requirement, the Committee requests as an exhibit with the justification material supporting the annual budget, a detailed justification, including the calculations used, for the inflation indices other than the rate of the GNP deflator used in pricing the fiscal year 1987 budget. Such analysis should identify, by account, the amount added as a result of using such special indices. The Department's response will provide a basis for a new budget display on inflation.

PROGRAM AND INFLATION SAVINGS

On May 14, 1985, the Department of Defense identified approximately \$4,000,000,000 in savings that could be taken without seriously impacting the defense program. Of that total, \$2,016,100,000 was within the procurement programs.

The Committee recommends that the following DOD proposed adjustments be accepted by reducing the fiscal year 1986 inflation estimates and applying all prior-year savings to the fiscal year 1986 request through offsetting reductions. The recommended adjustments by category and account are shown in the following table.

Committee recommended adjustments

<i>Appropriation</i>	<i>Adjustment</i>
DOD identified fiscal year 1986 inflation savings:	
Aircraft, Army	- \$5,000,000
Missiles, Army	- 4,000,000
Weapons and tracked combat vehicles, Army	- 7,000,000
Ammunition, Army	- 3,000,000
Other procurement, Army	- 5,000,000
Aircraft, Navy	- 15,000,000
Weapons, Navy	- 7,000,000
Shipbuilding, Navy	- 14,000,000
Other procurement, Navy	- 6,000,000
Procurement, USMC	- 2,000,000
Aircraft, Air Force	- 32,000,000
Missiles, Air Force	- 13,000,000
Other procurement, Air Force	- 9,000,000
Defense agencies	- 1,000,000
Subtotal	- 123,000,000

Committee recommended adjustments—Continued

<i>Appropriation</i>	<i>Adjustment</i>
DOD identified fiscal year 1984 and fiscal year 1985 inflation savings:	
Ammunition, Army, 1984	— \$30,000,000
Ammunition, Army, 1985	— 48,000,000
Other procurement, Army, 1984	— 79,000,000
Other procurement, Army, 1985	— 95,000,000
Shipbuilding, Navy, 1984	— 100,000,000
Shipbuilding, Navy, 1985	— 108,000,000
Other procurement, Navy, 1984	— 70,000,000
Other procurement, Navy, 1985	— 98,000,000
Other procurement, Air Force, 1984	— 86,000,000
Other procurement, Air Force, 1985	— 156,000,000
Defense agencies, 1984	— 15,000,000
Defense agencies, 1985	— 21,000,000
Subtotal	— 906,000,000
DOD-identified fiscal year 1985 procurement program savings:	
Aircraft, Army	— 40,000,000
Missiles, Army	— 25,000,000
Weapons and tracked combat vehicles, Army	— 75,000,000
Ammunition, Army	— 33,900,000
Other procurement, Army	— 44,200,000
Aircraft, Navy	— 109,000,000
Weapons, Navy	— 15,000,000
Shipbuilding, Navy	— 85,000,000
Other procurement, Navy	— 53,000,000
Procurement, USMC	— 28,000,000
Aircraft, Air Force	— 406,000,000
Missiles, Air Force	— 35,000,000
Other procurement, Air Force	— 40,000,000
Subtotal	— 989,100,000
Total	— 2,016,100,000

OTHER PRIOR YEAR FUND ISSUES

Transfers and reappropriations.—As discussed earlier, the \$3,940,038,000 in prior year funds recommended by the Committee for transfer and application to the fiscal year 1986 procurement program are not recommended for reappropriation. The House, on the other hand, has recommended extending the availability of all proposed transfers, creating a reappropriation that is scored as new budget authority. This difference is reflected in recommended technical changes to the House bill language.

The Committee does not agree that prior appropriations, through the technicality of a reappropriation mechanism, should be scored against the new appropriation ceiling adopted by Congress in the budget resolution. These prior year appropriations have already been counted in the ongoing tabulation of Defense appropriations. Reinvesting them in fiscal year 1986 should involve no more than a reestimate of outlay performance unless the extended availability is actually required by program timetables.

The Committee has included a general provision in the bill specifying

that no prior year funds applied to fiscal year 1986 should be available beyond the term specified in the original appropriation.

DIVAD prior year funds.—At the direction of Congress, the Department conducted a thorough side-by-side operational evaluation of the DIVAD gun against both the design and future threat. The DIVAD's effectiveness was compared to the present systems as a based line.

Part of that direction was that further procurement actions were to be deferred although production of the first two production lots was permitted to continue. Last year Congress appropriated only \$100,000,000 in advance funding to insure program continuity in the event the required tests were successful.

As a result of these tests, the Secretary of Defense terminated the DIVAD gun program and halted production midway through the lot 2 (1983) program.

After terminating the DIVAD gun, the Secretary of Defense proposed to the Committee that \$476,400,000 in unobligated balances of the fiscal year 1984 and fiscal year 1985 program be effectively reappropriated in fiscal year 1986, to be allocated at the discretion of the Secretary. The Secretary estimated \$150,000,000 would be allocated for procurement of air defense systems, \$176,000,000 for evaluation and testing of candidate follow-on systems, and \$150,000,000 to cover unfunded personnel pay entitlement costs.

The Committee recognizes the very real and unfilled need for an air defense system that can protect maneuver forces from the expanding Soviet air threat. However, the Committee believes Congress should allocate the prior year funding by appropriation account as a straight transfer, avoiding the need for a reappropriation. In response to the Secretary's proposal, \$150,000,000 is allocated to Army procurement and \$176,000,000 to Army RDT&E on specific air defense lines. The balance of \$150,400,000 has been applied to the National Guard and Reserve equipment account.

None of the funds allocated to follow-on air defense needs may be obligated with prior approval of the congressional authorization and appropriations committees through established reprogramming procedures.

The House recommended applying the DIVAD funds directly to the 1986 Army weapons and combat vehicle program through an offsetting general reduction.

GENERAL ITEMS OF SPECIAL INTEREST

Multiyear procurement.—Multiyear procurement is entering its fifth year of expanded use by the Department. To date the results have been encouraging. The Committee recommends adoption of a number of minor procedural changes worked out jointly with the House and the Department to ease and streamline the continued use of multiyear procurement.

First, a change to the general provision governing multiyear procurement is recommended which changes the criteria under which specific

approval is required in the DOD appropriations bill. Formerly, approval was required for all major systems defined as those system with a total expenditure of R&D funds of more than \$200,000,000 or whose total procurement expenditures exceeded \$1,000,000,000. These criteria could take in many small multiyear contracts for large programs of low dollar value items such as ammunition, radios, trucks, and miscellaneous equipment. The Committee's proposed general provision would require enabling bill language only for multiyear procurement contracts whose value exceeds \$500,000,000. This will permit Congress to focus on major long-term funding commitments.

In conjunction with this change, the Committee directs the establishment of advance procurement lines to support the use of economic order quantity [EOQ] procurements initiated under the existing general provision. The Committee expects that all multiyear contracts and EOQ procurement will be budgeted but EOQ procurement of less than \$20,000,000 may be handled as a prior notification action under existing reprogramming agreements when warranted and justified.

The Committee directs that no multiyear contract shall be awarded if the negotiated savings are less, both on a dollar value basis and on a percentage of total annual cost basis, than those reflected in the budget justification material submitted to Congress. The multiyear procurement general provision has been modified to require that each negotiated multiyear contract have a positive present value savings before execution.

Communications security [COMSEC] equipment.—The Committee is aware of the critical importance of communications security of all types at all levels. National Security Decision Directive 145 set forth Governmentwide policy on this matter in which the Department of Defense is the largest single user of COMSEC equipment.

The Committee notes that the volume, variety, and sophistication of communications continue to expand. Furthermore, the efforts to exploit U.S. targets are increasingly intense. Unfortunately, while the COMSEC procurement budget has increased from approximately \$342,000,000 (fiscal year 1986 dollars) to \$614,000,000 in fiscal year 1986, COMSEC procurement funding as a share of the Defense communications budget has remained relatively level.

The Committee recommends a \$199,100,000 increase in COMSEC procurement to be spread across all services. The largest single piece is recommended for the initial national level buy of the new, low cost secure telephone, the STU-III. A detailed discussion of the specific allowances is contained in the classified annex. Briefly, the allowance provides the following:

STU-III national buy ¹	\$46,000,000
STU-III (Army)	10,000,000
Electronic automation of paper-based systems	17,000,000
KY-57 (Vinson)	24,700,000
KG-84A:	
Army	18,000,000
Civil agencies	2,300,000
NSA/others	8,700,000
Total	29,000,000
KG-84C:	
Navy	10,000,000
Air Force	5,000,000
Civil agencies	2,000,000
Total	17,000,000
Backhaul:	
U.S. systems	7,000,000
NATO	4,200,000
Total	11,200,000
EXCOMS upgrade (phase II)	1,200,000
Minuteman security upgrade	1,000,000
PD-24 microwave protection program—DS-3 ¹	15,000,000
Protective security countermeasures ¹	7,000,000
National COMSEC assessment Center: ¹	20,000,000
New sites (four CONUS, two overseas): establish dedicated HF/DF capability; upgrade existing sites; upgrade flyaway packages; upgrade signal analysis lab; and acquire digital capability	

¹ Benefits to be shared by services/civil agencies.

Finally, funding of the DOD COMSEC program is currently provided by each of the Services by transfer to the National Security Agency [NSA] for execution. The Committee is concerned that processing of such transfers can create needless and costly delays in NSA's procurement activity. The Committee expects the Department to monitor closely the transfer of the appropriated fiscal year 1986 COMSEC funds and to report to the Defense Appropriations Subcommittees of the Senate and House quarterly on the transfers completed and the amount remaining for transfer by P-1 budget line.

Binary chemical munitions.—The Department requested a total of \$163,646,000 for production facilities and the production of the GB-2 155 mm binary artillery projectile and the Bigeye bomb. This includes \$98,300,000 for production facilities. The House denied the full amount budgeted and authorized and approved restrictions more severe than those adopted by Congress in the 1986 Defense authorization bill. The House provision would not permit consideration of funding for procurement, assembly of chemical munitions, and the establishment of facilities necessary for the production of chemical weapons before September 30, 1986, subject to a number of specific conditions. The recently approved 1986 DOD authorization bill authorizes and permits obligation of funds for facilities and some production activity provided that no complete binary weapons are fully assembled before October 1, 1987, subject to a number of conditions.

The Committee believes the chemical weapons policy already adopted by Congress should not be rehashed. Accordingly, the Committee supports the provisions of the authorization bill.

Budget justification materials.—The Committee restates its need for detailed and informative justification materials. The Army and Navy have made satisfactory progress in providing adequately detailed justifications. However, the Air Force is directed to provide comparable level of detail as directed last year by the Department.

The Department is directed to use advance procurement lines, particularly in the weapons and missile accounts, whenever funds are planned for execution that way.

Antiarmor and air defense master plan.—The Committee wishes to reinforce the initiative of the House Appropriations Committee in having the Antiarmor master plan form the basis of the Department's decisionmaking and budgeting for antiarmor programs.

In addition, the Committee requests that the Department submit a separate air defense master plan prepared under OSD leadership, similar to the antiarmor master plan, to the Committees on Appropriation of the Senate and House.

As a result of the cancellation of the Army's DIVAD gun program, the Committee is concerned with the significant void in the ground based air defense program. This report should encompass both the air and ground regime, the associated command and control systems, the necessary identification of friend-or-foe [IFF] systems and any other elements necessary to present a complete systemic view of the total air defense mission area. The report should encompass and complement the "1985 NATO Air Defense of Allied Command Europe" report but focus exclusively on U.S. defense programs.

The Committee expects this plan to form the basis of the Department's budgeting starting with the fiscal year 1988 request. The report is due to the Committees by November 1, 1986.

AIRCRAFT PROCUREMENT, ARMY

1985 appropriation	\$3,940,900,000
1986 budget estimate	3,892,500,000
House allowance	3,337,300,000
Committee recommendation	3,504,200,000

The Committee recommends an appropriation of \$3,504,200,000, a decrease of \$388,300,000 below the President's budget and \$166,900,000 more than the House allowance.

This appropriation provides funding for the acquisition of tactical and utility airplanes and helicopters, including associated electronics and communications equipment and armament; modification and modernization of in-service aircraft; flight simulators; ground support equipment; production base support; and depot reparable assemblies, components, and repair parts including spare engines, transmissions, and gear boxes.

[In thousands of dollars]

	1988 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
AIRCRAFT PROCUREMENT, ARMY								
AIRCRAFT								
FIXED WING								
C-12 CARGO AIRPLANE.....	--	---	12,000	---	--	---	-6	-12,000
ROTARY								
EH-60A HELICOPTER (QUICKFIX)(HYP).....	18	118,600	37,500	54,300	--	-64,300	--	+16,800
EH-60A HELICOPTER (QUICKFIX)(HYP) (PY TRANSFER).....	--	---	(64,300)	(64,300)	--	(+64,300)	--	---
EH-60A HELICOPTER (QUICKFIX)(HYP) (AP-CY).....	--	24,400	24,400	24,400	--	---	--	---
MH-6A ATTACK HELICOPTER (APACHE).....	144	1,178,200	1,137,300	1,143,200	--	-35,000	--	+5,900
MH-6A ATTACK HELICOPTER (APACHE) (AP-CY).....	--	55,300	55,300	46,100	--	-9,200	--	-9,200
UH-60A (BLACK HAWK) (HYP).....	78	267,000	220,800	260,900	+2	-6,100	+2	+40,100
UH-60A (BLACK HAWK) (HYP) (AP-CY).....	--	199,000	199,000	199,000	--	---	--	---
TOTAL, AIRCRAFT.....		1,842,500	1,686,300	1,727,900		-114,600		+41,600
MODIFICATION OF AIRCRAFT								
OV-1 SURVEILLANCE AIRPLANE (NOHAWK).....	--	27,700	22,700	22,700	--	-5,000	--	---
PC-12B RECON AIRPLANE.....	--	500	500	500	--	---	--	---

[In thousands of dollars]

	1986 budget		House amount (3)	Senate amount (4)	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)			Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
AUTOMICS SUPPORT EQUIPMENT (PY TRANSFER).....	--	--	(16,100)	--	--	--	--	(-16,100)
COMMON GROUND EQUIPMENT.....	--	35,000	35,000	35,000	--	--	--	--
AIR TRAFFIC CONTROL.....	--	9,400	9,400	9,400	--	--	--	--
SYNTHETIC FLIGHT TRAINING SYSTEMS.....	7	131,600	122,100	131,600	--	--	--	--
INDUSTRIAL FACILITIES.....	--	61,900	61,900	61,900	--	--	--	+9,500
WAR CONSUMABLES.....	--	6,500	6,500	6,500	--	--	--	--
UNDISTRIBUTED REDUCTION.....	--	--	-10,000	--	--	--	--	--
TOTAL, SUPPORT EQUIPMENT AND FACILITIES.....		312,200	276,600	302,200		-10,000		+10,000
INFLATION REESTIMATES FOR FY86.....	--	--	-5,000	-5,000	--	-5,000	--	--
INFLATION PREMIUM, FY86.....	--	--	-81,600	--	--	--	--	+81,600
PRIOR YEAR PROGRAM SAVINGS.....	--	--	-40,000	--	--	--	--	+40,000
(PY TRANSFER).....	--	--	(40,000)	--	--	--	--	(-40,000)
FY85 INFLATION FAIRNESS ADJUSTMENT.....	--	--	-66,000	--	--	--	--	+66,000
(PY TRANSFER).....	--	--	(66,000)	--	--	--	--	(-66,000)
TOTAL, AIRCRAFT PROCUREMENT, ARMY.....		3,892,500	3,337,300	3,504,200		-388,300		+166,900
TRANSFER FROM OTHER ACCOUNTS.....		--	(217,600)	(101,800)		(+101,800)		(-115,800)
TOTAL FUNDING AVAILABLE.....		3,892,500	3,554,900	3,606,000		-286,500		+51,100

AUTHORIZATION CHANGES

The Committee recommends the following adjustments to reduce funding to authorized levels:

	Budget request	Committee recommendation	Change from budget
EH-60A	\$118 600 000	\$54,300 000	- \$64 300 000
Transfer		(64,300 000)	(+ 64,300 000)
OV-1D mods	27 700 000	22,700 000	- 5 000 000
Spares	949 700 000	849,700 000	- 100 000 000

AH-64 ATTACK HELICOPTER

The AH-64 is the Army's principal attack helicopter. The budget request is \$1,178,200,000 for procurement of 144 helicopters and \$55,300,000 for advance procurement for the 1987 program. The Committee recommends an allowance of \$1,143,200,000 for 144 aircraft and \$46,100,000 in advance procurement. The House recommended an allowance of \$1,137,300 for 144 aircraft and the full amount for advance procurement.

The Committee agrees with \$35,000,000 of the \$40,900,000 in reductions proposed by the House for engineering change orders, program management and the T-700 engine but not with the specific allocation. Furthermore, the Committee recommends a reduction of \$9,200,000 in advance procurement for the reduced 1987 buy of 120 AH-64's recently announced by the Army. This is a total reduction of \$44,200,000.

The Committee acknowledges receipt of the Army's unbudgeted and unauthorized proposal for a fiscal year 1986-88 multiyear contract to buy out the last 366 AH-64's in the currently authorized program. That proposal projected savings of \$268,300,000, or 10.3 percent.

The Committee has not had sufficient opportunity to review the multiyear procurement proposal from the Army for the AH-64 Apache helicopter, which was received by the Committee on October 29, 1985.

Although the Committee is not prepared at this time to approve multiyear procurement for the AH-64, it is cognizant of the potential savings available. Therefore, the Committee suggests the Army submit more substantiating data to the appropriate committees in the form of negotiated contracts (both multiyear and single year with negotiated options covering the same program) and other pertinent information. If the Committee is satisfied with the data submitted, it will consider approving multiyear procurement in a supplemental appropriations bill.

UH-60A HELICOPTER (BLACK HAWK)

The UH-60A is a squad-carrying helicopter used for assault, air cavalry, and medical evacuation missions. The Black Hawk is a twin-engine, single-rotor helicopter designed to carry a crew of three and up to 14 combat equipped troops or equivalent cargo or external loads up to 8,000 pounds.

The Committee recommends a reduction of \$6,100,000 to the budget

request of \$267,000,000 for 78 UH-60's. The House proposed a reduction of \$46,200,000 which included \$32,200,000 for classified special operations forces [SOF] modifications. The Committee believes the Department of Defense is close to lifting its hold on this and other SOF aviation programs and does not accept that reduction.

The Committee agrees with the remaining \$14,000,000 in House reductions and recommends that \$7,900,000 be applied to buy two additional helicopters to replace two older UH-60's which are to be transferred to the Custom Service Drug Interdiction Program.

The Committee has long been a supporter of the Drug Interdiction Program. However, it now believes that future funding support for the program should be budgeted for by the appropriate agencies to include funding of new and user equipment and modifications thereto.

AH-1S MODIFICATIONS

The Department requested \$124,500,000 for AH-1 modifications which include the final year of funding for the congressionally directed program to update and convert the reserve AH-1G fleet to a standard AH-1S configuration.

The Committee recommends \$114,500,000.

The Army identified \$20,000,000 in prior year savings which the House applied to the budget request. The Committee recommends that one-half of that amount be applied to modify 7 AH-1G aircraft for use as maintenance trainers in lieu of new or fully mission capable AH-1S's as currently planned. The Committee understands this initiative will provide 11 additional aircraft for field use. The Committee recommends a \$10,000,000 increase to the House allowance.

CH-47 MODIFICATIONS

The Army requested a total of \$378,100,000 to continue its CH-47D modernization program under a recently negotiated multiyear contract. The Committee recommends \$341,200,000 and \$17,500,000 in transferred funds.

Contract negotiation was completed after submission of the budget which, as a result, is now overbudgeted by \$19,600,000. Similarly, \$17,500,000 in fiscal year 1985 funding is now available for transfer and application to the 1986 requirement. A total reduction of \$37,100,000 is recommended to fully fund the 1986 program. The House recommends a reduction of \$30,800,000 which included only \$11,200,000 in prior year funds.

ARMY HELICOPTER IMPROVEMENT PROGRAM

The Army Helicopter Improvement Program [AHIP] upgrades OH-58A helicopters to an OH-58D configuration with a mast mounted site to support employment of the AH-64 attack helicopter and serve as an artillery forward observer. A total of \$210,600,000 is requested for procurement and advance procurement for which \$83,000,000 is recommended.

The Secretary of Defense recently notified the Congress that he had approved the Army's procurement of the OH-58D for only the field artillery aerial observer role based on the results of operational testing to date. Procurement to support the attack and air cavalry has been made contingent on successful completion of further operational testing.

Within the current 578 aircraft AHIP Program, only 84 OH-58D's are required for the field artillery aerial observer role. Considering the standard 10-percent training base and float requirement, the approved buy is 104 OH-58D's.

Through the fiscal year 1985 contract, a total of 60 units will be on order. The Committee recommends funding the additional 44 aircraft over 2 program years to permit either a continued ramp down or resumption of rate production in the fiscal year 1987 program as appropriate. The Committee recommends a fiscal year 1986 program of 28 aircraft, one-half of the requested quantity of 56, and a reduction of \$75,000,000.

The fiscal year 1986 advance procurement request of \$51,800,000 for 60 units in fiscal year 1987 is reduced to \$20,000,000.

This is a total reduction of \$106,800,000.

AVIONICS SUPPORT EQUIPMENT

The Army requested \$67,800,000 for a variety of avionics programs to include the airborne NAVSTAR global positioning system [GPS] receivers and AN/AVS-6 night vision goggles.

The Committee recommends allocation of the \$10,000,000 undistributed reduction to these programs.

ITEMS OF SPECIAL INTEREST

T-700 engine multiyear procurement.—The Committee recommends bill language enabling the multiyear procurement of 648 T-700 engines in support of the UH-60A, EH-60A, and AH-64 Programs. Options are also available to support the Navy SH-60 Program.

The Committee is aware of the opportunity for competitive procurement of the T-700 engine. In recommending approval, the Committee notes that the quantities on this contract can be adjusted downward if needed in fiscal year 1987 and fiscal year 1988 to support an educational buy from a second source of production leading to a competitive program starting with the fiscal year 1989 program. The Army is expected to fully evaluate a competitive procurement strategy for the T-700 engine.

Aviation Spares.—The Committee has been concerned over the Army's low flying hour program which has been caused in part, according to the Army, by insufficient spares funding. Last year the Committee added money to the program and has fully funded the authorized fiscal year 1986 program which includes \$52,000,000 in spares that are now to be funded through the stock fund. These funds now become available to again increase the procurement funded spares program.

MISSILE PROCUREMENT, ARMY

1985 appropriation	\$3,167,000,000
1986 budget estimate	3,386,700,000
House allowance	2,939,232,000
Committee recommendation	3,056,050,000

The Committee recommends an appropriation of \$3,056,050,000. This is \$330,650,000 below the President's budget and \$116,818,000 more than the House allowance.

This appropriation provides for the procurement of surface-to-air and surface-to-surface missile systems; air defense control and coordination systems; antitank/assault missile systems; modification of in-service missiles and supporting equipment; and related costs such as production base support.

[In thousands of dollars]

	1966 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MISSILE PROCUREMENT, ARMY								
OTHER MISSILES								
SURFACE-TO-AIR MISSILE SYSTEM								
CHAPARRAL.....	300	110,400	37,200	110,400	--	--	4300	473,200
OTHER MISSILE SUPPORT.....	--	5,000	5,000	5,000	--	--	--	--
PATRIOT.....	585	983,400	967,400	974,600	--	-8,800	--	47,200
STINGER.....	3,439	304,100	244,100	258,500	--	-45,600	4530	414,400
PERSHING II.....	--	334,700	334,700	236,300	--	-98,400	--	-98,400
AIR-TO-SURFACE MISSILE SYSTEM								
LASER HELLFIRE SYSTEM.....	6,576	250,700	250,700	234,200	--	-16,500	--	-16,500
ANTI-TANK/ASSAULT MISSILE SYSTEM								
TOW 2.....	20,100	226,900	159,300	177,650	-5,300	-49,250	42,800	418,350
TOW 2 (AP-CY).....	--	22,000	22,000	22,000	--	--	--	--
MULTIPLE LAUNCH ROCKET SYSTEM (MYP).....	72,000	507,800	450,600	459,900	--	-47,900	--	49,300
MULTIPLE LAUNCH ROCKET SYSTEM (MYP) (PY TRANSFER).....	--	--	(46,500)	(24,700)	--	(424,700)	--	(-21,800)
MULTIPLE LAUNCH ROCKET SYSTEM (MYP) (AP-CY).....	--	41,000	41,000	41,000	--	--	--	--
TOTAL, OTHER MISSILES.....		2,786,000	2,512,000	2,519,550		-266,450		47,550

[In thousands of dollars]

	1986 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
MODIFICATION OF MISSILES								
MODIFICATIONS								
PATRIOT.....	--	17,200	17,200	17,200	--	--	--	--
CHAMPARAL.....	--	112,900	112,900	112,900	--	--	--	--
HAWK.....	--	54,100	54,100	49,300	--	-4,800	--	-4,800
TOM.....	--	37,800	37,800	17,400	--	-20,400	--	-20,400
TOTAL, MODIFICATION OF MISSILES.....		222,000	222,000	196,800		-25,200		-25,200
SPARES AND REPAIR PARTS.....								
	--	322,000	312,000	312,000	--	-10,000	--	--
SUPPORT EQUIPMENT AND FACILITIES								
AIR DEFENSE TARGETS.....	--	21,000	21,000	21,000	--	--	--	--
ITEMS LESS THAN \$900,000 (MISSILES).....	--	3,800	3,732	3,800	--	--	--	+68
PRODUCTION BASE SPT.....	--	29,900	29,900	29,900	--	--	--	--
OTHER PRODUCTION CHARGES.....	--	2,000	2,000	2,000	--	--	--	--
TOTAL, SUPPORT EQUIPMENT AND FACILITIES.....		56,700	56,632	56,700		--		+68
COMPONENT BREAKOUT								
INFLATION REESTIMATES FOR FY86.....	--	--	-10,000	--	--	--	--	+10,000
	--	--	-4,000	-4,000	--	-4,000	--	--

[In thousands of dollars]

	1986 budget		House amount (3)	Senate amount (4)	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)			Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
INFLATION PREMIUM, FY86.....	--	--	-71,400	---	--	---	--	+71,400
PRIOR YEAR PROGRAM SAVINGS.....	--	--	-25,000	-25,000	--	-25,000	--	---
(PY TRANSFER).....	--	--	(25,000)	(25,000)	--	(+25,000)	--	---
FY85 INFLATION FAIRNESS ADJUSTMENT.....	--	--	-53,000	---	--	---	--	---
(PY TRANSFER).....	--	--	(53,000)	---	--	---	--	+53,000
								(-53,000)
TOTAL, MISSILE PROCUREMENT, ARMY.....								
TRANSFER FROM OTHER ACCOUNTS.....		3,386,700	2,939,232	3,056,050		-330,650		+116,818
		--	(124,500)	(49,700)		(+49,700)		(-74,800)
TOTAL FUNDING AVAILABLE.....		3,386,700	3,063,732	3,105,750		-280,950		+42,018

PATRIOT (SAM-D)

The Patriot is a high and medium altitude air defense system. The surface-to-air system is capable of multiple simultaneous engagements of attacking aircraft.

The Committee recommends a reduction of \$8,800,000 to the request of \$983,400,000 for overstated warhead costs. The Committee has been informed that current estimates are \$15,100 less per warhead than budgeted.

STINGER MISSILE

The Stinger missile is the Army's new ground-to-air missile. The budget request was \$304,100,000 for 3,439 missiles and assorted ground equipment to include the pedestal mounted Stinger.

The Committee recommends restoring \$14,400,000 of the funds reduced by the House based on the authorization legislation which was produced before the DIVAD gun program was canceled. Stinger is now central to the Army's plan for short range air defense and is their only short range system currently in production. As a result the Committee recommends procurement of an additional 530 missiles up to the maximum that can be produced.

The future procurement strategy for the Stinger, an item of special interest to the Committee, is discussed at the end of this section.

PERSHING II MISSILE

The Pershing II missile is the Army's long-range nuclear capable theater missile system. The Army is requesting \$334,700,000 for the last year of production. Current production missiles are being deployed to NATO/Germany as replacements for the older Pershing IA system.

The Committee recommends a total of \$236,300,000.

The Army has reduced its requirement for testing missiles and has proposed a new alternative use for these missiles. The Committee recommends deleting \$124,600,000 for the 30 tactical missiles proposed for use in lieu of existing training missiles by the domestically base training unit. The Army advised that the extra costs and manpower to support the fielding of these 30 additional tactical missiles have not identified yet. The Army further proposes, that if support cannot be provided, the missiles would be used as spares.

The Committee does not agree there is a need for creating a deployable Pershing unit with these additional missiles even in the unlikely event that the additional resources are found. Similarly, no increased requirement for spare missiles has been justified.

Of this reduction, \$26,200,000 is restored to support the Army's \$51,000,000 program to improve safety and security provisions for the Pershing II in the field as provided in section 126(b) of the 1986 DOD Authorization Act. The balance of \$25,000,000 is available from program offsets identified by the Department excepting the plant shut-down, ground support equipment, and in-house services funds.

LASER HELLFIRE

The Hellfire is an air-to-ground missile system used with the AH-64. It is designed to defeat individual hardpoint targets and heavily armored vehicles. This system utilizes semiactive laser terminal homing guidance and is designed to accept other guidance packages.

The Committee recommends a reduction of \$16,500,000 to the request of \$250,700,000 in anticipation of 1986 contract savings based on actual 1985 contract savings and an increased fiscal year 1986 rate of production.

TOW MISSILE

The tube-launched, optically tracked, wire-guided [TOW] missile is an antitank/assault system mounted on a variety of combat vehicles as well as the Cobra attack helicopter. An improved TOW II version is currently in production.

The Committee recommends a reduction of 6,382 missiles in the combined Army/USMC Program to be split 5,300/1,082 respectively to keep the program within production limits. This equates to recommended reductions of \$49,250,000 in the Army program and \$10,000,000 in the Marine Corps program.

The combined Army/USMC fiscal year 1986 program of 24,882 TOW-II missiles exceeds the maximum sustained 1-8-5 production rate. In addition, at least 7,100 missiles have been ordered through the Foreign Military Sales [FMS] Program.

The Committee commends the Army for getting the unit costs of the TOW missile under better control. The budgeted costs for fiscal year 1986 are more than 15 percent less than the fiscal year 1986 costs projected last year under the then proposed multiyear contract which was rejected because of high costs. If additional savings can now be achieved through competition or multiyear procurement, the Army should now change its procurement strategy.

MULTIPLE LAUNCH ROCKET SYSTEM

The MLRS is a free-flight, area fire, rocket system which provides suppression of enemy air defense and indirect fire weapon systems.

The Committee recommends \$500,900,000.

The Army requested \$548,800,000 for continued procurement and advance procurement of the MLRS under a multiyear contract. This includes \$13,800,000 for engineering change orders which are now projected to require only \$1,300,000. A reduction of \$12,500,000 is proposed. Based on revised inflation rates, the GAO advises that the 1986 request is overstated by \$10,700,000 to support the multiyear contract.

Funds to support the seventh year option of the MLRS multiyear contract are provided along with appropriate enabling bill language.

The GAO also advises that \$10,100,000 in fiscal year 1984 and \$14,600,000 in fiscal year 1985 funds are available due to lower actual inflation than budgeted for in the multiyear contract. These funds are

transferred with a corresponding reduction in the recommended allowance.

A total reduction of \$47,900,000 is recommended.

MODIFICATIONS AND SPARES

Hawk missile modifications.—The Army requested \$54,100,000 for various product improvements and modifications to the Hawk missile.

The Committee defers the \$4,800,000 for the first year of production of 970 fuze arming modification kits. The Army states that additional engineering development work is needed before starting production.

TOW missile modifications.—The Army requested \$37,800,000 for various modifications and product improvements to the TOW missile system.

The Committee defers \$20,400,000 in second year production funds for the TOW Optical Improvement Program. Fiscal year 1985 funds will not be obligated before April 1986, pending a demonstration of production capability for the item. Sufficient 1985 funds remain available for the initial year of production.

Spares.—The Committee recommends \$312,000,000 to reduce funding by \$10,000,000 to the authorized level.

ITEMS OF SPECIAL INTEREST

Stinger missile.—The Committee understands that the Army is reviewing the Stinger program acquisition strategy to include the possible introduction of competitive procurement of complete tactical missiles and multiyear procurement. An earlier 1983 Army study indicated that competition at the subcomponent level would be best for the Stinger Missile Program because of program instabilities and low quantities. The Committee notes that neither of these conditions exist today. In fact, with the termination of the DIVAD gun, there is a real likelihood that the Stinger program could be expanded thereby increasing the opportunity for competition.

The Committee believes the current joint Army/USMC Stinger program, which is about 25 percent under contract through the end of 1985, is now well suited to full competitive procurement of complete missiles. Accordingly, the Committee recommends the full amount authorized and directs that these funds may be obligated for continued sole source procurement only after the justification, rationale, and underlaying study for that strategy have been approved by the OSD CAIG (Cost Analysis Improvement Group) and provided to the Committees on Appropriations of the Senate and House.

Antiarmor munitions.—The Committee notes the trends in fielding new antiarmor munitions and in lethality of existing ground based antiarmor systems as reported in the Department of Defense's March 1985, Antiarmor Munitions Master Plan. It finds these trends to be disturbing and compelling reasons for fully supporting the TOW-II/Lethality Improvement Program, the Dragon Product Improvement Program or procurement of an off-the-shelf interim Dragon replace-

ment such as the MILAN 2 as advocated in the conference report to the 1986 authorizing legislation.

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY

1985 appropriation	\$4,548,100,000
1986 budget estimate	5,739,100,000
House allowance	3,749,004,000
Committee recommendation	4,629,900,000

The Committee recommends an appropriation of \$4,629,900,000. This is a decrease of \$1,109,200,000 below the President's budget and \$880,896,000 more than the House allowance.

This appropriation provides for the procurement of tanks, armored personnel carriers and combat engineer vehicles. Funds are also included for the acquisition of machine guns, grenade launchers, towed and self-propelled guns and howitzers, laser rangefinders, associated training equipment, modification of in-service equipment, investment spares and repair parts and major components, and production base support.

[In thousands of dollars]

	1980 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEH								
TRACKED COMBAT VEHICLES								
CARRIER, COMMAND POST LIGHT, FT, M577A2.....	115	23,600	23,600	44,100	+100	+20,500	+100	+20,500
CARRIER, PERSONNEL, FT, ARH, M113A2.....	325	82,900	82,900	144,000	+235	+61,100	+235	+61,100
BRADLEY FIGHTING VEHICLES (NYP).....	716	1,007,000	909,300	958,100	+60	-48,900	+60	+48,800
BRADLEY FIGHTING VEHICLES (NYP) (PY TRANSFER).....	--	--	(21,700)	--	--	--	--	(-21,700)
BRADLEY FIGHTING VEHICLES (NYP) (AP-CY).....	--	27,600	23,600	24,900	--	-2,700	--	+1,300
BRADLEY FVS TRAINING DEVICES.....	--	79,400	79,400	79,400	--	--	--	--
FIELD ARTILLERY AMMUNITION SUPPORT VEH.....	197	101,500	70,200	101,500	--	--	+47	+31,300
RECOVERY VEHICLE, MED, FT, M88A1.....	240	213,800	181,600	215,800	--	--	+30	+34,200
RECOVERY VEHICLE, MED, FT, M88A1 (PY TRANSFER).....	--	--	(2,800)	--	--	--	--	(-2,800)
ABRAMS TANK SERIES ROLL (NYP).....	840	1,749,600	1,478,400	1,348,200	-120	-401,400	-120	-130,200
ABRAMS TANK SERIES ROLL (NYP) (PY TRANSFER).....	--	--	(77,900)	(77,900)	--	(+77,900)	--	--
ABRAMS TANK SERIES ROLL (NYP) (AP-CY).....	--	359,200	344,000	316,800	--	-42,400	--	-27,200
M60 SERIES TANK TRAINING DEVICES.....	--	20,400	20,400	20,400	--	--	--	--
M1 SERIES TANK TRAINING DEVICES.....	--	65,600	65,600	65,600	--	--	--	--
MODIFICATION OF TRACKED COMBAT VEHICLES								
CARRIER,MOD.....	--	56,200	56,200	56,200	--	--	--	--
F15T VEHICLE (MOD).....	--	80,800	76,100	80,800	--	--	--	+4,700
BFVS SERIES (MOD).....	--	19,000	5,300	19,000	--	--	--	+13,700
HOWITZER, MED SP FT 155MM M109 SER(MOD).....	--	25,400	15,700	25,400	--	--	--	+9,700

[In thousands of dollars]

	1988 budget		House amount	Senate amount		Senate compared to budget		Senate compared to House	
	Qty.	Amount		(3)	(4)	Qty.	Amount	Qty.	Amount
	(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)
ARMORED VEH LAUNCH BRIDGE (AVLB) (MOD).....	--	20,400		20,400	20,400	--	--	--	--
TANK, CHBT, FT, 105MM GUN, M60SER (MOD) (NYP).....	--	130,600		113,600	110,600	--	-20,000	--	-3,000
105MM TANK GUN (MOD).....	--	6,000		--	--	--	-6,000	--	--
TANK, M1 SERIES (MOD).....	--	70,100		47,500	64,200	--	-5,900	--	+16,700
TANK, M1 SERIES (MOD) (PY TRANSFER).....	--	--		(7,000)	--	--	--	--	(-7,000)
ROBOTIC ORST BREACHING ASSAULT TANK (MOD).....	--	17,800		9,600	9,600	--	-8,200	--	--
SUPPORT EQUIPMENT AND FACILITIES									
SPARES AND REPAIR PARTS.....	--	649,000		628,000	628,000	--	-21,000	--	--
VALUE ENGINEERING.....	--	1,000		1,000	1,000	--	--	--	--
ITEMS LESS THAN \$900,000 (TCV-WTCV).....	--	800		800	800	--	--	--	--
PRODUCTION BASE SUPPORT (TCV-WTCV).....	--	95,800		82,200	90,800	--	-5,000	--	+8,600
PRODUCTION BASE SUPPORT (TCV-WTCV) (PY TRANSFER).....	--	--		(8,600)	--	--	--	--	(-8,600)
TOTAL, TRACKED COMBAT VEHICLES.....		4,905,500		4,335,400	4,425,600		-479,900		+90,200
WEAPONS AND OTHER COMBAT VEHICLES									
SERGEANT YORK DIVAD GUN.....	117	406,500		--	--	-117	-406,500	--	--
GENERAL REDUCTION.....	--	--		-256,517	--	--	--	--	+256,517
SERGEANT YORK DIVAD GUN (PY TRANSFER).....	--	--		(256,517)	--	--	--	--	(-256,517)
SERGEANT YORK DIVAD GUN (AP-CY).....	--	11,000		--	--	--	-11,000	--	--
GENERAL REDUCTION.....	--	--		-104,479	--	--	--	--	+104,479
(PY TRANSFER).....	--	--		(104,479)	--	--	--	--	(-104,479)

[In thousands of dollars]

	1988 budget		House amount	Senate compared to budget		Senate amount	Senate compared to House	
	Qty.	Amount		Qty.	Amount		Qty.	Amount
	(1)	(2)	(3)	(5)	(6)	(4)	(7)	(8)
FOLLOW-ON AIR DEFENSE EQUIPMENT (PY TRANSFER).....	--	---	---	--	(+150,000)	(150,000)	--	(+150,000)
ARMOR MACHINE GUN, 7.62MM M240.....	4,924	27,100	27,100	--	---	27,100	--	---
SQUAD AUTOMATIC WEAPON (SAW) 5.56MM.....	6,000	14,500	---	-6,000	-14,500	---	--	---
GENERAL REDUCTION.....	--	---	-12,900	--	-12,900	-12,900	--	---
(PY TRANSFER).....	--	---	(12,900)	--	(+12,900)	(12,900)	--	---
GRENADE LAUNCHER, AUTO, 40MM, MK19-3.....	821	9,000	9,000	--	---	9,000	--	---
LAUNCHER, SMOKE GRENADE.....	3,177	2,100	2,100	--	---	2,100	--	---
MORTAR, 81MM, XM252.....	187	6,100	6,100	--	---	6,100	--	---
MORTAR 120 MM.....	63	5,000	5,000	-63	-5,000	---	-63	-5,000
M16 RIFLE.....	71,990	39,300	35,000	--	-4,300	35,000	--	---
PERSONAL DEFENSE WEAPON, 9MM.....	25,400	7,500	7,500	--	---	7,500	--	---
VEH RAPID FIRE WPN SYS-BUSHMASTER (MYP).....	715	45,600	45,600	+60	-6,900	38,700	+60	-6,900
VEH RAPID FIRE WPN SYS-BUSHMASTER (MYP) (AP-CY).....	--	8,300	3,700	--	-3,300	5,000	--	+1,300
TANK MUZZLE BORESIGHT DEVICE.....	2,327	4,600	---	--	---	4,600	+2,327	+4,600
MODIFICATION OF WEAPONS AND OTHER COMBAT VEH								
DIVAD (MODS).....	--	500	---	--	-500	---	--	---
HMMITZER, 155MM, M1142 (MOD).....	--	1,700	1,700	--	---	1,700	--	---
M16A1 RIFLE MODS.....	--	3,300	3,300	--	---	3,300	--	---
MODIFICATIONS UNDER \$900,000 (MOCU-WTCV).....	--	800	800	--	---	800	--	---
SUPPORT EQUIPMENT AND FACILITIES								
SPARES AND REPAIR PARTS.....	--	183,600	29,000	--	-154,600	29,000	--	---

[in thousands of dollars]

	1986 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)			Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
GENERAL REDUCTION.....	--	--	-125,000	--	--	--	+125,000	
(PY TRANSFER).....	--	--	(125,000)	--	--	--	(-125,000)	
ITEMS LESS THAN \$900,000 (MOCV-WTCV).....	--	2,900	2,900	2,900	--	--	--	
PRODUCTION BASE SUPPORT (MOCV-WTCV).....	--	51,400	15,400	51,400	--	--	+36,000	
(PY TRANSFER).....	--	--	(36,000)	--	--	--	(-36,000)	
5.56 CARBINE XM4.....	4,685	2,800	--	--	-4,685	-2,800	--	
TOTAL, WEAPONS AND OTHER COMBAT VEHICLES.....		833,600	-304,696	211,300		-622,300	+515,996	
=====								
INFLATION REESTIMATES FOR FY86.....	--	--	-7,000	-7,000	--	-7,000	--	
INFLATION PREMIUM, FY86.....	--	--	-120,700	--	--	--	+120,700	
PRIOR YEAR PROGRAM SAVINGS.....	--	--	-75,000	--	--	--	+75,000	
(PY TRANSFER).....	--	--	(75,000)	--	--	--	(-75,000)	
FY85 INFLATION FAIRNESS ADJUSTMENT.....	--	--	-79,000	--	--	--	+79,000	
(PY TRANSFER).....	--	--	(79,000)	--	--	--	(-79,000)	
=====								
TOTAL, PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEH		5,739,100	3,749,004	4,629,900		-1,109,200	+880,896	
TRANSFER FROM OTHER ACCOUNTS.....		--	(806,896)	(240,800)		(+240,800)	(-566,096)	
=====								
TOTAL FUNDING AVAILABLE.....		5,739,100	4,555,900	4,870,700		-868,400	+314,800	

AUTHORIZATION CHANGES

The Committee recommends the following adjustments to reduce funding to authorized levels:

	Budget request	Committee recommendation	Change from budget
105 mm tank gun mods.....	\$6,000,000.....		-\$6,000,000
Robotic mine clearing vehicle.....	17,800,000	\$9,600,000	-8,200,000
Spares.....	649,000,000	628,000,000	-21,000,000
Production base support.....	95,800,000	90,800,000	-5,000,000
120 mm mortar.....	5,000,000.....		-5,000,000
DIVAD modifications.....	500,000.....		-500,000

ARMORED PERSONNEL CARRIERS

The Army requested \$82,900,000 and \$23,600,000 for 325 M-113A3's and for 115 M-577A2's respectively. These vehicles provide light armor protection for front line personnel and remain in short supply in the reserve components.

The Committee recommends total funding of \$144,000,000 for 560 M-113A3's and \$44,100,000 for 215 M-577A2's. This is an increase of 235 and 100 vehicles respectively over the budget. These new vehicles will have the new improved survivability modifications built in. Modification and upgrade of existing M-113A2's will start next year.

BRADLEY FIGHTING VEHICLES

The Bradley fighting vehicles are lightly armored infantry and cavalry vehicles with a stabilized 25 mm automatic cannon, a 7.62 mm machine gun and a TOW missile system. The infantry version can carry nine men and is intended to provide cross-country mobility and fire power support of mechanized infantry operations. The cavalry version carries five men and provides scout squads with the capability to conduct reconnaissance and security missions under armor protection.

The Committee recommends a total allowance of \$983,000,000.

The Committee estimates that \$115,300,000 is excess to the request of \$1,007,000,000 for 1986 production of 716 vehicles. Of that amount, \$107,700,000 is forecast contract savings based on actual 1983-85 contract savings. The GAO estimates the savings to be slightly higher. Furthermore, \$7,600,000 is deleted for the transmission multiyear contract due to a revised estimate.

Of the estimated available savings, the Committee recommends that \$66,400,000 be retained for the procurement of 60 additional vehicles—enough for one additional battalion—to increase the ratio of Bradley vehicles to M-1 tanks. However, the Committee directs that these funds may be obligated only if the Secretary of the Army certifies that these additional vehicles can be produced without production delays due to shortages of integrated sight units. The Committee also expects the Army to schedule the fiscal year 1986 program in such a way as to smoothly transition production between the fiscal year 1985 of 665 and 1987 programs of 600.

Of the \$27,600,000 in advance procurement requested, \$2,700,000 for the transmission multiyear is deleted based on the revised estimate.

Approval for multiyear procurement of the transmission is recommended.

SUPPORT VEHICLES

The Committee recommends the full amounts requested for two armored support vehicles. This is an increase of \$29,500,000 and \$27,000,000 over the authorization to provide an additional 47 field artillery support vehicles and 30 M-88's. The M-88's are for the Guard and Reserve.

M-1 ABRAMS TANK

The M-1 is the 105 mm gun version of the Army's main battletank with three secondary armament systems equipped with day and night fire control systems and shoot-on-the-move capabilities. The M-1A1 with a 120 mm gun and other product improvements is the current production tank.

The Army is requesting \$1,749,600,000 for procurement of 840 M-1A1 tanks plus \$359,200,000 in advance procurement funding. In addition, the Army seeks approval to initiate four separate multiyear contracts for 3,299 M-1A1 tanks at a rate of either 840 or 720 per year. Execution of this contract will complete production of the current M-1 tank program.

An allowance of \$1,348,200,000 for production is made.

The Committee recommends a reduction of \$120,500,000 in the basic request for 840 tanks. Of that amount, \$23,400,000 is for additional spare engines which should and can be funded within the requested spares line. The balance of \$97,100,000 is deleted based on a revised budget estimate.

An additional \$77,900,000 is deleted and offset by a transfer of \$52,600,000 from savings in the 1984 M-1 program and \$25,300,000 from the proceeds of FMS sales of M-48 tanks.

As discussed in the classified annex, \$12,000,000 is deleted.

Finally, \$25,000,000 is deleted in anticipation of additional 1986 contract savings for a total reduction of \$235,400,000 on the budgeted 840 multiyear tank production program.

Multiyear procurement.—The Committee recommends bill language enabling the multiyear procurement of 3,299 M-1 tanks. It recommends a rate of 720 per year. The Committee notes that the cost of keeping the tank production base warm at the end of this contract is over \$1,600,000,000 per year. Since the Army has no formal tank production plans beyond the current program, the Committee expects the Army will require a warm tank production base as it did for the M-60 while the M-1 entered production. Accordingly, the Committee recommends production at the 720 per year rate because it delays the incurrance of the additional cost of maintaining a warm production base. The Committee estimates that savings through fiscal year 1990 will be nearly \$800,000,000 higher than could be achieved under an 840 per year rate.

The Committee further notes that production of the M-1 has been stopped since early September due to a strike. With tank production at 70 per month, the recommended reduction of 120 is less than 2 months' production. Thus the recommended program of 720 should be sufficient to sustain the current rate of production in light of the break in production without stretching the delivery period to recover.

To reduce the fiscal year 1986 program to 720, the Committee recommends a reduction of \$166,000,000 for 120 tanks.

Advance procurement.—The Army's request of \$359,200,000 for M-1 advance procurement funding has also been revised.

The revised requirement for fiscal year 1985 advance procurement in support of the 1986 program is \$22,400,000 less than appropriated last year. The Army is directed to apply the excess 1985 funds to the 1986 advance procurement requirement and the fiscal year 1986 is reduced by that amount.

To align advance procurement funding with the recommended 720 tanks per year multiyear program, \$20,000,000 has been deferred.

The total recommended reduction is \$42,400,000.

TANK MODIFICATIONS

M-60 tank modifications.—The Army requested \$130,600,000 for a series of modifications and product improvements to the M-60 tank.

The Committee recommends a reduction of \$20,000,000 based on lower than budgeted costs for the laser rangefinders and solid state computers to be procured under a fiscal year 1985-87 multiyear contract.

M-1 tank modifications.—The Committee agrees with the House and recommends deleting, without prejudice, \$5,900,000 for long lead forgings for a gun modification program and program "A" which are still in development. Procurement is premature. The Committee disagrees with the House's deferral of \$16,700,000 for auxiliary power units and restores that funding. The Committee expects the Army to fully compete the entire technical design package for this program.

DIVAD GUN

The DIVAD gun is a self-propelled, 40 mm, air defense gun, which was to be employed in air defense battalions of the heavy divisions as a replacement for the Vulcan air defense system. On August 24, 1985, the Secretary of Defense terminated the program. Accordingly, all funding is denied.

The Committee estimates that \$476,400,000 in unobligated prior-year funds remain available from the following sources:

	Fiscal year—	
	1984	1985
Weapons and combat vehicles	\$283,900,000	\$182,500,000
Army ammunition.....	400,000	9,600,000
Total.....	284,300,000	192,100,000

In addition to setting aside \$326,000,000 for later reprogramming, the Committee recommends transferring the balance of these funds (\$150,400,000) to procure equipment identified by the Army to fill critical shortages in the Army Reserve.

Follow-on air defense equipment.—In response to a proposal from the Secretary of Defense to retain \$150,000,000 from the prior year DIVAD funds for current production of air defense systems and \$176,000,000 for further R&D, the Committee recommends an allocation of \$150,000,000 of the fiscal year 1984 DIVAD funds. The fiscal year 1985 funds are applied to the R&D transfer.

The Committee provides these funds as a source for a prior approval reprogramming to the specific P-1 program line(s).

BUSHMASTER GUN

The Bushmaster gun, or the vehicle rapid fire weapon system, is the main gun on the Bradley fighting vehicle.

The Army requested \$45,600,000 for procurement of 715 Bushmaster guns and \$8,300,000 for advance procurement. The Committee recommends an allowance of \$38,700,000 and \$5,000,000 respectively.

On October 25, 1985, the Army informed the Committee that had decided to pursue a sole source, multiyear acquisition strategy for this 25 mm cannon. The sole source selection was justified because of the small remaining program over which to recover the costs of establishing a competitive second source.

The Army advised that \$35,700,000 is now needed for production and \$5,000,000. The Committee allowance provides for an extra 60 weapons for the extra 60 Bradley vehicles added.

SQUAD AUTOMATIC WEAPON [SAW] M-249

The Army advised that it had canceled its multiyear procurement of the M-249 squad automatic weapon due to design and other technical problems. No new 1986 funding is recommended for this new light-weight machine gun.

The Committee recommends combining the \$12,900,000 in fiscal year 1985 funds to the prior year savings identified by the Department and increasing the general reduction to this account by the same amount.

The Committee believes that the \$6,600,000 in remaining fiscal year 1984 funds should be obligated only for a contract awarded to the winner of the competitive solicitation of the 5-year multiyear contract for the M-249 canceled by the Army. The Committee believes that the competition was fairly held and executed and that nothing will be

gained by delaying the transition to the competitively selected producer while the desired modifications to the weapon are being readied for production.

OTHER WEAPONS AND SPARES

M-16A2 rifle.—The Army requested \$39,300,000 for 71,990 new M-16A2 rifles. The Committee agrees with the savings and \$4,300,000 reduction proposed by the House and recommends an allowance of \$35,000,000.

XM-4 carbine.—The Army requested \$2,800,000 for 4,685 new 5.56 mm carbines for personal defense weapons. There is currently no defined Army requirement for the weapon.

The Committee recommends deferring all the requested initial funding to at least fiscal year 1987 which is the earliest a production contract can be awarded. Development activities are scheduled to be complete during fiscal year 1986.

Spares and repair parts.—The Committee recommends a reduction of \$154,600,000 to the request of \$183,600,000. This deletes all new spares funding requested for the DIVAD gun.

ITEM OF SPECIAL INTEREST

Foreign military sales of tanks.—The Committee is concerned about shortfalls in filling the minimum tank requirements for combat units of the Army National Guard and Reserve. It is felt that these shortages may not be being given the priority they deserve and, in fact, may be compounded by the foreign military sale of tanks from inventory.

Under the Arms Export Control Act, the President is required to notify Congress of any sale of defense articles or services which could have a significant impact on the combat readiness of the Armed Forces. The Committee directs the Secretary of Defense to carefully review any proposed foreign military sale of tanks to determine whether the sale will increase the shortage of tanks in the Army National Guard and Reserve in the current 5-year defense plan. The Committee asks that that determination be included in the required congressional notification. In addition, if the Secretary informs the Congress of the need to withdraw tanks, he shall submit to the Congress his plan to replace the specific tanks.

PROCUREMENT OF AMMUNITION, ARMY

1985 appropriation	\$2,646,300,000
1986 budget estimate	2,635,000,000
House allowance	1,858,200,000
Committee recommendation	2,588,213,000

The Committee recommends an appropriation of \$2,588,213,000 for ammunition, including \$510,900,000 for production base support. This is a decrease of \$46,787,000 below the President's request and \$730,013,000 more than the House allowance.

This appropriation provides for the procurement of all Army ammunition except missiles. Funds are also included for industrial facilities required for the production of ammunition components and end items, the modernization of Army ammunition facilities (including construction), and the layaway of Government-owned plants and equipment where it has been established that such facilities will be required in the event of mobilization.

[In thousands of dollars]

	1986 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
PROCUREMENT OF AMMUNITION, ARMY								
AMMUNITION								
ATOMIC MATERIEL								
NUCLEAR WEAPONS SUPPORT MATERIEL.....	--	5,200	5,200	5,200	--	--	--	--
CONTROLLED ITEMS								
CT6, 5.56MM, BALL M193.....	114,883	18,100	18,100	18,100	--	--	--	--
CT6, 5.56MM, BLANK M200.....	84,807	12,000	12,000	12,000	--	--	--	--
CT6, 5.56MM, BLK M200, LKD F/SAW.....	8,637	2,200	2,200	3,000	+3,278	+800	+3,278	+800
CT6, 5.56MM, 4 BALL M855/1 TRCP M856 LKD.....	26,884	9,600	9,600	9,600	--	--	--	--
CT6, 5.56MM BALL M16-A2.....	96,289	25,000	25,000	25,000	--	--	--	--
CT6, 5.56MM TRACER M16-A2.....	21,456	6,500	6,500	6,500	--	--	--	--
GENERAL REDUCTION 5.56 MM.....	--	--	-10,000	---	--	--	--	--
CT6, 7.62MM, TRACER M62 LKD.....	1,439	500	500	500	--	--	--	+10,000
CT6, 7.62MM, 4 BALL M80/1 TRCP M62 LKD.....	84,525	25,000	25,800	25,800	+14,175	+800	--	--
CT6, 7.62MM, BALL M80 LKD/M13.....	2,428	700	700	700	--	--	--	--
CT6, 7.62MM, LKD 4 BALL ITRACER DMF.....	4,007	1,400	2,000	2,000	+2,393	+600	--	--
CT6, 7.62MM, SPEC BALL M118.....	6,433	1,900	1,900	1,900	--	--	--	--
CT6, CAL .22, BALL LR.....	136,179	2,700	2,700	1,600	-55,500	-1,100	-55,500	-1,100
CT6, 9MM, BALL.....	8,312	1,400	1,400	1,400	--	--	--	--
CT6, CAL .45, BALL M1911.....	18,759	2,200	2,200	2,200	--	--	--	--

[In thousands of dollars]

	1966 budget		House amount (3)	Senate amount (4)	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)			Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
CT6, CAL .45, MATCH GRADE.....	5,120	800	800	100	-4,623	-700	-4,623	-700
CT6, CAL .50, LKD 4 BALL/1 TRCR W/M15A2L.....	6,560	9,600	11,300	11,300	+1,940	+1,700	--	--
CT6, CAL .50, APTT, M20 LKD.....	834	1,400	1,400	1,400	--	--	--	--
CT6, CAL .50, BALL LKD.....	2,160	2,400	3,800	3,800	+1,740	+1,400	--	--
CT6, CAL .50, BLK, M1A1, LKD W/M9LK F/M2.....	19,582	15,000	---	---	-19,582	-15,000	--	--
CT6, CAL .50, LKD TRACER M17.....	2,882	4,100	---	---	-2,882	-4,100	--	--
CT6, CAL .50, LKD 4 BALL/1 TRACER W/M9 L.....	33,124	44,400	48,000	48,000	+2,576	+3,600	--	--
CT6, 20MM, LKD TP-T M220 SERIES NLB M14A.....	5,175	19,300	7,900	7,900	-2,875	-11,400	--	--
CT6, 25MM, HEI-T M792 W/F.....	648	18,900	18,900	18,900	--	--	--	--
CT6, 25MM, APDS-T M791 W/M28(MYP).....	455	11,100	11,100	11,100	--	--	--	--
CT6, 25MM, TPT LKD M793 NLB M28.....	2,400	37,700	37,700	37,700	--	--	--	--
CT6, 30MM, LKD HEDP M789 W/FUZE(MYP).....	881	26,000	5,000	5,000	-781	-21,000	--	--
CT6, 30MM, LKD TP M788(MYP).....	359	3,800	9,300	9,300	+431	+5,500	--	--
CT6, 40MM, TP-T M813 F/56T YORK(MYP).....	144	11,300	---	---	-144	-11,300	--	--
CT6, 40MM, HE W/PROX M822.....	144	31,000	---	---	-144	-31,000	--	--
CT6, 40MM, HEDP M430.....	2,047	48,800	35,800	43,500	+440	-5,300	+440	+7,700
CT6 40MM TP F/MK19.....	485	4,800	4,800	4,800	--	--	--	--
CT6, 40MM, PRAC M781.....	2,478	6,000	4,500	4,600	-578	-1,400	--	--
CT6, 75MM, BLANK, M337A1 F/HOMITZER.....	174	2,800	2,800	2,800	--	--	--	--
CT6, 81MM, ILLUM IUK XM853.....	103	15,700	---	15,700	--	--	+103	+15,700
CT6, 81MM, HE IUK W/FUZE.....	170	31,700	---	31,700	--	--	+170	+31,700
CT6, 81MM, SHK RP IUK XM819.....	66	12,400	---	12,400	--	--	+66	+12,400
CT6, 81MM, IMP 1/10 RANGE TNG XM880.....	36	2,400	---	2,400	--	--	+36	+2,400
CT6, SUB CAL .22, PRAC CH6-2 M745.....	157	1,100	1,100	1,100	--	--	--	--

[In thousands of dollars]

	1986 budget		House amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
MORTAR AMMO.....	--	--	96,200	--	--	--	--
CT6, 4.2-INCH, ILLUM, W/FUZE.....	143	27,300	--	--	--	--	-96,200
CT6, 4.2-INCH, SMOKE, WP.....	51	6,700	--	-143	-27,300	--	--
CT6, 105MM, HEAT WP T M456A2.....	130	47,200	41,600	-51	-6,700	--	--
CT6, 105MM, TP-T, M490.....	347	51,200	14,600	-30	-5,600	--	--
CT6, 105MM, TRACE-P FOR M833.....	--	2,300	2,300	--	-19,100	243	+17,500
CT6, 105MM, DS-TP M724.....	433	89,400	89,200	--	--	--	--
CT6, 105MM, AFFSDS-T M833.....	76	46,800	42,300	+84	--	--	--
CT6, 120MM AFFSDS-T XM829.....	45	59,700	75,000	--	--	--	+200
CT6, 120MM HEAT-MP-T, M830(NYP).....	13	27,300	31,000	+1	+15,300	--	+4,500
CT6, 120MM TP-T XM831(NYP).....	31	29,600	29,600	--	--	--	--
CT6, 120MM TPCSDS-T, M865(NYP).....	49	29,700	35,000	--	--	+1	-3,700
CT6, 120MM, HE W/MULTI-OPTION FUZE.....	83	30,300	--	--	--	--	--
CT6, 120MM, ILLUM.....	8	4,000	--	--	+5,300	+15	--
CT6, 120MM, SMOKE.....	41	11,200	--	-83	-30,300	--	--
PROJ, 155MM, HE, ICM M483 (NYP).....	689	297,800	--	-8	-4,000	--	--
PROJ, 155MM, SAK, WP, M825.....	38	16,300	181,100	-41	-11,200	--	--
PROJ, 155MM, HE, ADAM M731 (NYP).....	6	26,500	10,000	--	--	273	+118,700
PROJ, 155MM, HE, RAAMS M741 (NYP).....	41	71,600	14,600	--	--	+15	+6,300
PROJ, 155MM, HE, COPPERHEAD (EA).....	6,900	235,000	45,800	--	--	+3	+11,900
(PY TRANSFER).....	--	--	220,800	--	--	+15	+25,800
CHARGE, PROPELLING, 155MM, GREEN BAG M3.....	466	27,700	--	-2,028	-235,000	-2,028	-220,800
CHARGE, PROPELLING, 155MM, WHITE BAG M4.....	378	30,400	--	--	(+167,613)	--	(+167,613)
			--	--	-3,300	+466	+24,400
			--	-378	-30,400	--	--

[In thousands of dollars]

	1986 budget		House amount	Senate compared to budget		Senate amount	Senate compared to House	
	Qty.	Amount		Qty.	Amount		Qty.	Amount
	(1)	(2)	(3)	(5)	(6)	(4)	(7)	(8)
CHARGE, PROPELLING, 155MM, RED BAG M203.....	60	20,400	20,400	--	---	20,400	--	---
CHARGE, PROPELLING, 155MM, WHITE BAG M11.....	140	17,800	17,800	-140	-17,800	---	-140	-17,800
PROJ, 8-INCH, HE, ICH (DP), M509.....	--	---	50,000	+57	+50,000	50,000	--	---
PROJ, 8-INCH, HE, RAP, M650.....	--	---	10,000	+9	+10,000	10,000	--	---
CHARGE, PROPELLING, 9-INCH WB, M188.....	129	29,200	29,200	-129	-29,200	---	-129	-29,200
FUZE, MTSO M577/M577A1.....	758	49,300	40,200	--	---	49,300	--	+9,100
FUZE, MTSO M582/M582A1.....	154	10,500	10,500	--	---	10,500	--	---
PRIMER, PERC, M82.....	1,491	2,900	2,900	--	---	2,900	--	---
GROUND IMP NINE SCAT SYS AP M74(NYP).....	36	14,500	---	-36	-14,500	---	--	---
GROUND IMP NINE SCAT SYS AT M75(NYP).....	134	26,500	---	-134	-26,500	---	--	---
CANISTER NINE PRACTICE XM88 (VOLCANO).....	5	1,500	---	--	---	1,500	+5	+1,500
CANISTER NINE (VOLCANO) XM87.....	10	2,600	---	--	---	2,600	+10	+2,600
NINE,AT,BLU-91/8 (VOLCANO)(NYP).....	60	12,600	---	--	---	12,600	+60	+12,600
NINE,AP,BLU-92/8 (VOLCANO)(NYP).....	12	5,000	---	--	---	5,000	+12	+5,000
NTR RKT 5 IN MK22 MOD 4 (EA).....	1,412	5,400	5,400	--	---	5,400	--	---
LINE CHARGE M58A3 (NICLIC)(EA).....	1,018	12,300	12,300	--	---	12,300	--	---
LINE CHARGE INERT M68A2 (NICLIC)(EA).....	103	1,200	1,200	--	---	1,200	--	---
MODULAR PACK NINE SYSTEM.....	3,358	36,000	---	--	---	36,000	+3,358	+36,000
DEMOLITION MUNITIONS & OTHER.....	--	16,500	16,500	--	---	16,500	--	---
DENO KIT BANGALORE TORPEDO.....	6	3,000	3,000	--	---	3,000	--	---
LIGHTWEIGHT MULTI-PURPOSE SYSTEM.....	156	107,600	41,600	-36	-48,400	59,200	+75	+17,600
LIGHT WGT MULTI PURPOSE SYSTEM TRMR.....	1,645	3,100	3,100	--	---	3,100	--	---
HYDRA 70 RKT, MFSH HE M261 WHD(NYP).....	36	28,900	28,900	--	---	28,900	--	---
HYDRA 70 RKT, MFSH PRAC M267 WHD.....	8	5,400	5,400	--	---	5,400	--	---

[in thousands of dollars]

	1966 budget		House amount (3)	Senate amount (4)	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)			Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
GRENADE, HAND, ALL TYPES.....	--	33,000	33,000	33,000	--	--	--	--
SIGNALS, ALL TYPES.....	--	33,500	14,900	14,900	--	-18,600	--	--
SIMULATORS, ALL TYPES.....	--	28,700	19,900	19,900	--	-8,800	--	--
GENERAL INCREASE/WAR RESERVE AMMO.....	--	--	162,100	400,000	--	+400,000	--	+237,900
AMMO COMPONENTS/SUPPORT, ALL TYPES.....	--	21,300	21,300	21,300	--	--	--	--
ITEMS LESS THAN \$900,000(MISC-AMMO).....	--	3,700	3,700	3,700	--	--	--	--
SPARES AND REPAIR PARTS.....	--	1,000	1,000	1,000	--	--	--	--
AMMUNITION PECULIAR EQUIPMENT.....	--	5,200	5,200	5,200	--	--	--	--
NITROGUANIDINE (LB).....	--	25,000	25,000	25,000	--	--	--	--
COMP A-5.....	--	9,100	--	9,100	--	--	--	+9,100
COMP C-4.....	--	9,000	--	9,000	--	--	--	+9,000
COMP B.....	--	4,400	--	4,400	--	--	--	+4,400
PBX 0280.....	--	1,600	--	1,600	--	--	--	+1,600
CYCLOTOL 70/30.....	--	2,800	--	2,800	--	--	--	+2,800
COMP LX-14.....	--	5,800	--	5,800	--	--	--	+5,800
AMMO 9MM/ELT.....	--	1,700	1,700	1,700	--	--	--	--
CLASSIFIED PROGRAMS.....	--	21,700	--	21,700	--	--	--	+21,700
TOTAL, AMMUNITION.....		2,266,600	1,825,400	2,122,600		-144,000		+297,200
AMMUNITION PRODUCTION BASE SUPPORT								
PRODUCTION BASE SUPPORT	--	280,600	167,600	288,000	--	+7,400	--	+120,400
PROVISION OF INDUSTRIAL FACILITIES.....								

[In thousands of dollars]

	1986 budget		House amount		Senate amount		Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	Qty. (3)	Amount (4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)	Qty. (9)	Amount (10)
COMPONENTS FOR PROVE-OUT.....	--	14,000	9,600	14,000	--	--	--	--	--	+4,400
LAYWAY OF INDUSTRIAL FACILITIES.....	--	22,500	22,500	22,500	--	--	--	--	--	--
JEFFERSON PROVING GROUND MODERNIZATION.....	--	2,000	2,000	2,000	--	--	--	--	--	--
CHEMICAL DEMILITARIZATION PROGRAM.....	--	49,300	49,300	81,300	--	+32,000	--	--	--	+32,000
PRODUCTION BASE MODERNIZATION.....	--	--	--	103,100	--	+103,100	--	--	--	+103,100
TOTAL, AMMUNITION PRODUCTION BASE SUPPORT.....		368,400	251,000	510,900		+142,500				+259,900
INFLATION REESTIMATES FOR FY86.....	--	--	-3,000	-3,000	--	-3,000	--	--	--	--
GENERAL REDUCTION, PY TRANSFER.....	--	--	--	-8,387	--	-8,387	--	--	--	-8,387
(PY TRANSFER).....	--	--	--	(8,387)	--	(8,387)	--	--	--	(+8,387)
PRIOR YEAR INFLATION SAVINGS.....	--	--	-78,000	--	--	--	--	--	--	+78,000
(PY TRANSFER).....	--	--	(78,000)	--	--	--	--	--	--	(-78,000)
PRIOR YEAR PROGRAM SAVINGS.....	--	--	-137,200	-33,900	--	-33,900	--	--	--	+103,300
(PY TRANSFER).....	--	--	(137,200)	(33,900)	--	(+33,900)	--	--	--	(-103,300)
TOTAL, PROCUREMENT OF AMMUNITION, ARMY.....		2,635,000	1,858,200	2,588,213		-46,787				+730,013
TRANSFER FROM OTHER ACCOUNTS.....		--	(215,200)	(209,900)		(+209,900)				(-5,300)
TOTAL FUNDING AVAILABLE.....		2,635,000	2,073,400	2,798,113		+163,113				+724,713

AUTHORIZATION CHANGES

The Committee recommends the following adjustments to reduce funding to the authorized level:

	Budget request	Committee recommendation	Change from budget
50 cal blank ammo	\$15,000,000		- \$15,000,000
50 cal ammo (tracer)	4,100,000		- 4,100,000
20 mm TP-T M14A	19,300,000	\$7,900,000	- 11,400,000
30 mm HEDP M788	26,000,000	5,000,000	- 21,000,000
40 mm HEDP M430	48,800,000	43,500,000	- 5,300,000
40 mm practice ammo M781	6,000,000	4,600,000	- 1,400,000
105 mm HEAT, M456A2	47,200,000	41,600,000	- 5,600,000
120 mm mortar ammo (HE)	30,300,000		- 30,300,000
120 mm mortar ammo (illum)	4,000,000		- 4,000,000
120 mm mortar ammo (smoke)	11,200,000		- 11,200,000
Prior-year transfer (gen reduc)		- 28,100,000	- 28,100,000

Repriced authorized program

AMMUNITION

DIVAD gun ammunition.—The Committee recommends deleting the \$11,300,000 requested for the 40 mm M-813 TP-T round and the \$31,000,000 for the 40 mm M-822 HE round for the terminated DIVAD Gun Program.

As noted in the DIVAD gun section, \$10,000,000 of unobligated fiscal year 1984 and fiscal year 1985 ammunition funds become available and have been transferred to the "Guard and Reserve equipment" account.

Copperhead.—Copperhead is a joint Army/Marine Corps terminally guided precision 155 mm artillery round. The combined fiscal year 1986 request is \$287,100,000 for 8,319 rounds at a projected unit cost of \$34,000 each.

The Committee recommends an allowance of \$167,613,000 out of prior savings.

Last year Congress added \$30,000,000 over the budget to increase the production rate with the stipulation that the extra rounds cost no more than \$30,000 each. This was possible because the program overhead was covered by the original program. Later the Army applied \$69,000,000 of the \$401,900,000 war reserve add-on for the purchase of 1,997 additional Copperhead rounds. Because the production rate had been increased as much as possible, production of these additional rounds added 7 months to the original 12-month production program. The overhead cost for these additional months drove up the cost of these rounds above \$30,000.

The proposed 1986 program funds 12 months of production. The Committee recommends transferring forward the \$69,900,000 from the 1985 program which has not been put on contract. This would leave a basic 12 month, 3,653 round program for 1985. The Committee recommends funding a 12-month 4,872 round program for 1986 which continues to ramp up production as proposed in the budget. This has the net effect of funding 5 additional months of fiscal year 1986 pro-

duction. The Committee recommends funding the \$167,613,000 cost of this program by the transfer of prior year funds and recommends no new 1986 appropriation.

Lightweight multipurpose system.—The Army recently notified the Committee that it had signed a multiyear procurement contract for the AT-4 as its new lightweight multipurpose antiarmor weapon. The AT-4 was selected as a result of the Committee directed evaluation of available antitank and antiarmor weapons after the termination of the VIPER program.

The Army advised that a total of \$59,200,000 is needed in 1986 to sustain an economic rate of production. The Committee recommends an increase of \$17,600,000 over authorization to support that economic production rate.

The Committee is aware that the Army is considering procuring a second type of lightweight multipurpose system to meet unique requirements for certain Army units. The Committee believes that such procurement would be uneconomic and unjustified and cautions the Army not to make such a proposal without thorough justification. However, the Army is expected to complete the testing of the M-72E4 that has been funded to date through the operational tests if possible.

Other adjustments.—The Committee recommends additional reductions totaling \$204,000,000 based on the GAO audit of the fiscal year 1986 conventional ammunition program. The details of this reduction appear in the following table. Footnotes provide the rationale for each adjustment.

	Budget request	Committee recommendation	Change from budget
22 cal ammo	\$2,700,000	\$1,600,000	¹ - \$1,100,000
45 cal ammo (match)	800,000	100,000	¹ - 700,000
4.2 inch mortar, illum	27,300,000		¹ - 27,300,000
4.2 inch mortar, smoke	6,700,000		² - 6,700,000
105 mm TP-T M-490	51,200,000	32,100,000	¹ - 19,100,000
Prop charge 155 mm, GB	27,700,000	24,400,000	⁴ - 3,300,000
Prop charge 155 Tymm, WB	30,400,000		¹ - 30,400,000
Prop charge 155 mm, WB	17,800,000		² - 17,800,000
Prop charge, 8 inch WB	29,200,000		⁴ - 29,200,000
Ground emplaced mine (GEMSS), M-74	14,500,000		³ - 14,500,000
GEMSS, M-75	26,500,000		³ - 26,500,000
Signals, all types	33,500,000	14,900,000	¹ - 18,600,000
Simulators, all types	28,700,000	19,900,000	¹ - 8,800,000

¹ Inventory will exceed needs.

² Premature procurement.

³ Unit cost adjustment.

⁴ Improper balance with projectiles.

⁵ Continuing production problems with prior year programs.

War reserve munitions.—The Committee recommends \$95,000,000 in partial funding of \$252,400,000 of specific ammunition items added in authorization plus an additional \$400,000,000 for war reserve munitions as an offset to the various fact-of-life adjustments recommended above. The House recommends an increase of \$162,100,000. This additional funding will restore the ammunition program to the authorized program.

The Army is directed to notify the Committees on Appropriations of the House and Senate of the proposed allocation of these funds before obligation. Maintenance of stable, cost-effective production rates without needlessly expanding the production base should be given prime consideration in the allocation process.

PRODUCTION BASE SUPPORT

INDUSTRIAL FACILITIES

The Army requested \$280,600,000 for a variety of projects for the establishment and maintenance of the ammunition production base. This includes the \$93,400,000 for binary chemical weapons facilities. Of this amount, all but \$15,900,000 was authorized in the fiscal year 1986 DOD authorization bill. The balance is pending authorization in the fiscal year 1986 military construction authorization bill. The Committee recommends fully funding this latter portion of the request as authorized by the Senate.

The Committee recommends deferring \$7,600,000 for two subprojects (9 and 11) for the RDX/HMX modernization and conversion at the Holston AAP. Neither of these projects have entered the design phase.

RDX PRODUCTION FACILITIES

Last year the Congress provided \$32,000,000 for design and engineering work on the mobilization base RDX manufacturing facilities. The Louisiana AAP was designated as the lead plant of the anticipated multiple sites as part of the Army's RDX/HMX expansion program.

The Committee has been advised that the cost effectiveness studies required by Congress to determine the optimum size and production rates have been completed. A copy is requested within 15 days of passage of this bill. The Committee has been assured that the Army will now expeditiously complete the design of the RDX facilities and move forward with construction of the lead facility.

Prior year funds are available to start and complete the basic plant design and start some of the site specific design. It is probable that some of the site specific design work for the lead plant will be complete enough to start site preparation work during the fiscal year 1986 program. Since no funds were requested for this purpose the Committee recommends the addition of \$15,000,000 for construction of the lead RDX facility.

CHEMICAL DEMILITARIZATION

The Army requested \$49,300,000 to procure systems and equipment for the demilitarization of obsolete chemical munitions. The Committee recommends an allowance of \$81,300,000.

Section 1412(b) of the fiscal year 1986 authorization act establishes September 30, 1994, as the date for completing the destruction of the existing stockpile of chemical munitions. The Committee understands that the existing demilitarization program will have to be accelerated to

meet this congressionally mandated date. The Committee has been advised that an additional \$32,000,000 could be used in fiscal year 1986 to buy the complete set of demilitarization equipment for Johnson Island. By buying and installing all the equipment together, up to \$17,000,000 in later decontamination, installation, and testing costs can be avoided.

In conjunction with recommending funding for the initial production of the various binary weapons, the Committee also recommends the addition of \$32,000,000 to support meeting the congressionally mandated completion date for destruction of the existing stockpiles of chemical weapons.

PRODUCTION BASE MODERNIZATION

Out of concern for the status of the Defense Department's ammunition production base, Congress directed the Army to complete an ammunition production base study which detailed over \$30,000,000,000 in peacetime and mobilization requirements through fiscal year 1989 to include \$175,000,000 in equipment voids in existing mobilization lines.

The Committee recommends an allowance of \$103,100,000 for the highest priority projects identified by the Army. Except for \$5,700,000, these projects correct deficiencies in existing mobilization base facilities. These projects, all of which could be executed in fiscal year 1986, are:

Continuous NC Mfg. Unit 1, Sunflower AAP.....	\$31,000,000
155 mm MPTS on Y Line, Louisiana.....	3,000,000
M-55 loader replacement, Iowa.....	1,500,000
Lines deficiency corrections, Badger.....	10,000,000
NAC/SAC modernization, Badger.....	10,700,000
Correct AOP deficiencies, Badger.....	1,400,000
Fuze production equipment, Rexton/Bulova.....	2,700,000
Power house, Radford.....	39,800,000
20/50 brass cups, Commercial.....	3,000,000

ITEM OF SPECIAL INTEREST

20 mm Vulcan air defense gun ammunition.—The recently terminated DIVAD gun was scheduled to replace the Vulcan air defense gun. A production improved Vulcan gun, the PIVAD, is still scheduled to be retained in selected units.

With the termination of the DIVAD, Vulcan will be the Army's only air defense gun. The Committee is aware of Army interest to develop an improved round for the Vulcan gun based on a modification to a 20 mm multipurpose cartridge being developed for the Navy.

The Committee requests a report by April 15, 1986, on the Army's plan to provide improved Vulcan ammunition and the results of any development and testing work completed by that date.

Badger AAP.—The Committee directs the Army to conduct a study of the cost/benefits of operating a nitrocellulose [NC] line at the Badger Army ammunition plant as a second source for NC in the United States. The study is to be provided to the Committees on Appropriations and Armed Services of the Senate and House by March 1, 1986.

OTHER PROCUREMENT, ARMY

1985 appropriation	\$5,122,450,000
1986 budget estimate	5,712,800,000
House allowance	4,809,986,000
Committee recommendation	5,172,330,000

The Committee recommends an appropriation of \$5,172,330,000, a decrease of \$540,470,000 below the President's budget and \$362,344,000 more than the House allowance.

This appropriation finances the acquisition of: (a) tactical and commercial vehicles including trucks, semitrailers, and trailers of all types to provide mobility to field forces and the Army logistical system; (b) communications and electronics equipment of all types to provide fixed, semifixed, and mobile strategic and tactical communications equipment; (c) other support equipment such as chemical defensive equipment, tactical bridging, maintenance shop sets, construction equipment, floating and rail equipment, generators and power units, material handling equipment, medical support equipment, special equipment for user testing, and nonsystem training devices. In each of these activities, funds are also included for modification of in-service equipment, investment spares and repair parts, and production base support.

COMMITTEE RECOMMENDED PROGRAM

The following table summarizes the Committee recommended programs by major budget activity. Details of recommended adjustments are discussed in the subsequent section.

[In thousands of dollars]

	1986 Budget estimate	Committee recom- mendation	Change from budget
Tactical and support vehicles	1,016,800	1,024,100	+ 7,300
Communication and electronics equipment	3,306,300	2,639,630	- 666,670
Other support equipment	1,389,700	1,408,300	+ 18,600
Noncentrally managed items		105,300	+ 105,300
Fiscal year 1986 inflation reestimate		- 5,000	- 5,000

AUTHORIZATION CHANGES

The Committee recommends the following adjustments to reduce funding to the authorized level:

	Budget request	Committee recommendation	Change from budget
Tactical and support vehicles:			
Fast attack vehicle	\$3,100,000		- \$3,100,000
Fiscal year transfer reduction		- \$7,400,000	- 7,400,000
Fiscal year transfer		(+ 7,400,000)	+ (7,400,000)
Communications and electronics equipment:			
Single channel tact term (SCOTT)	83,400,000		- 83,400,000
Trailblazer	38,400,000	19,200,000	- 19,200,000
RADIAC detector charger PP-4370	3,800,000		- 3,800,000
Dosimeter IM-185	2,400,000		- 2,400,000
RPV's	134,600,000	66,000,000	- 68,600,000
Spares (Telcom)	215,400,000	200,300,000	- 15,100,000
Spares (Other)	218,000,000	210,700,000	- 7,300,000
Production base support	5,500,000	5,000,000	- 500,000
Other support equipment:			
Area oriented depots	73,800,000	63,800,000	- 10,000,000
Project RESHAPE	14,600,000	6,000,000	- 8,600,000

¹Deletes SCOTT DPME.

UNACCEPTED HOUSE REDUCTIONS/ADDITIONS

The Committee does not recommend accepting the following reductions or additions proposed by the House:

	Budget request	House recommendation	Committee recommendation
High mob multi-purpose whd vehicle	\$326,000,000	\$313,914,000	\$326,000,000
Small unit support vehicle	14,800,000	13,800,000	14,800,000
Truck, 10-ton	128,700,000	116,397,000	128,700,000
HTLD communications sys	8,500,000		8,500,000
SNAP antenna		15,400,000	
Comm central, AN/TSC-99	11,700,000		11,700,000
Improved HF radio family	26,600,000	20,100,000	26,600,000
Teletypewriter terminal (SST) UGC-74	4,200,000		4,200,000
Modifications (CSC)	26,000,000	11,800,000	26,000,000
Items less than \$900,000 (CSC-C-E)	10,100,000	7,100,000	10,100,000
C-E facilities	20,500,000	17,100,000	20,500,000
Jam resistant secure comms	22,900,000	19,585,000	22,900,000
Spread spectrum mul ace	23,000,000	17,970,000	23,000,000
DSCS operations control	40,400,000	22,281,000	40,400,000
EUCOM C-3 (NWS)	98,600,000	65,700,000	98,600,000
EUCOM alternate spt hq	11,500,000	7,700,000	11,500,000
COMSEC module KGV-13	5,100,000		5,100,000
Maneuver control system	72,300,000	10,687,000	72,300,000
Corp/theater ADP svc ctr	8,900,000		8,900,000
Advance FA tac data sys		25,574,000	
Items less than \$900,000 (A/V)	14,300,000	11,300,000	14,300,000
Position/Azimuth determining system	36,400,000		36,400,000
Items less than \$900,000 (tactical C-E)	14,500,000	9,500,000	14,500,000
Spares (TELECOM)	215,400,000	189,400,000	200,300,000
War reserve spares	32,800,000	18,000,000	32,800,000
Mine dispenser, XM-139	2,500,000		2,500,000
Host nation support	58,200,000		58,200,000
ARAPHO		5,000,000	

¹Restored to authorized program.

COMMITTEE RECOMMENDED ADJUSTMENTS

TACTICAL AND SUPPORT VEHICLES

Rough terrain motorcycles.—The Army's request of \$5,600,000 for 2,000 motorcycles was authorized at a reduced and unexecutable level. The Committee recommends deleting all 1986 funds.

Heavy equipment trailer XM-1000.—The Army requested \$11,200,000 for the initial buy of 144 off-the-shelf 70-ton trailers to carry the heavier M-1A1 tank. An acceptable trailer has not been found yet. Evaluations of steerable axle trailers will continue into late 1986.

The Committee recommends a nonprejudicial reduction of \$11,000,000 pending completion of further testing.

5-ton trucks.—The Committee recommends an increase of \$26,000,000 over authorization for an additional 300 trucks for the Army National Guard. The total recommended allowance is \$251,300,000.

The Committee notes that section 125(b) of the Department of Defense Authorization Act, 1986, allows an 18-month extension of the current multiyear contract for 5-ton trucks. The Committee understands that the current milestones for the follow-on 5-year multiyear contract will result in source selection and contract award in the first half of 1986. This will preclude the need for an extension of the current contract, and the Committee expects that the no such extension will be made.

The Committee expects the Army to manage to avoid a break in deliveries of these trucks.

COMMUNICATION AND ELECTRONICS EQUIPMENT

Modular record traffic terminal.—The Army is requesting \$39,900,000 for mobil communications centers to include \$3,700,000 for two modular tactical communications centers.

The Modular Tactical Communications Center Program is being delayed pending development and approval of a firm requirement. The Committee recommends deferring the fiscal year 1986 funding.

AN/TRC-170 radio.—The Army has budgeted a total of \$36,818,000 for 27 AN/TRC-170(V)III radios to include 4 for RDF communications. Based on the most recent contract prices, this amount is overstated by nearly \$10,000,000.

The Committee directs that these funds be used to buy at least eight additional AN/TRC-170 radios to fill existing shortages or shortages associated with the establishment of the new light infantry divisions.

Unit level switches.—The Army requested \$31,400,000 for unit level telephone switches. Of this amount, \$20,600,000 is requested for the 150 line AN/TTC-42 under development by the Marine Corps and the 30 line SB3865 switches.

The Committee recommends \$10,800,000 for the procurement of the small 30 line switch.

The AN/TTC-42 has been plagued by development and testing problems for years. Most recently, it received failing grades on an oper-

ational test. Notwithstanding these results, the program has been approved for production under a unique risk reducing procurement strategy. Moreover, AN/TTC-42 procurement is linked to the MSE procurement which is currently stalled. For reasons discussed elsewhere, the Committee does not now recommend procurement funding for the AN/TTC-42 and the funds are denied.

LIGHTWEIGHT DIGITAL FACSIMILE

The Army requested \$7,400,000 for 275 lightweight digital facsimiles which are to be fielded to Corps units. Under existing plans, these facsimiles will now be fielded as part of the Mobile Subscriber Equipment [MSE] Program. The Committee recommends deleting this separate funding because funding is available under the MSE Program.

MOBILE SUBSCRIBER EQUIPMENT

The Mobile Subscriber Equipment [MSE] Program is a communications system to provide mobile and stationary users at corps and division levels with automatic, secure communications. Congress provided \$63,250,000 last year, none of which could be obligated until Congress was provided the details of the specific program selected by the Army. To date, none of the details have been provided. The 1986 request is for \$335,300,000.

The Committee recommends \$238,000,000, all of which is to be provided by transfer of prior year funds, to fund the lowest level of production hardware possible in the contracts available to the Army.

The GAO has advised the Committee that risks associated with starting production are generally low but that concerns over software maturity, frequency management, and down sizing of equipment suggest that a low rate of initial production [LRIP] is appropriate until systems level testing demonstrates readiness for full rate production.

The transfer funding recommended, when combined with available 1985 funds, will support low rate initial production. The Army is expected to budget for LRIP until the year in which test results will be available to justify higher rate production. Again, none of these funds maybe obligated until 30 days after receipt of the previously requested program description from the Army.

SINGARS RADIO

The Army requested \$231,300,000 for the third year of production of 16,400 tactical FM radios. The SINGARS is the new family of radios which is scheduled to replace the 20- to 25-year-old radios currently in the force.

The Army advised that contractor delays have made it impossible to complete the additional operational testing needed prior to awarding the third year contract. The Army now plans to execute the third contract option next year.

The Committee defers \$128,800,000 leaving \$102,300,000 to continue the program and fund 400 units from the competitively selected second source of production.

The Committee recommends an associated reduction of \$17,200,000 for the KGV-10/TSEC communications security devices for the SINCGARS which will not be needed in 1986.

SPECIAL OPERATING FORCES [SOF] COMMUNICATIONS

The Committee has become aware of a shortage of communications equipment for the Army's special operating forces. The Army has budgeted \$13,300,000 through fiscal year 1990 to include \$1,970,000 for two AN/ITC-42 unit level circuit switches. The Committee recommends an increase of \$4,030,000 to the 1986 request of \$7,300,000 to fully fund this program except for the AN/ITC-42 which the Committee is not now funding.

COMMUNICATIONS SECURITY [COMSEC] EQUIPMENT

The Army has requested \$141,300,000 for COMSEC equipment which has been noted during Committee field trips to be a matter of concern to field commanders. The Committee recommends an allowance of \$179,400,000, an increase of \$52,700,000. This increase follows the initiative of the 1986 authorization act and applies the increases to additional STU-II/ STU-III secure phones (+\$10,000,000), KY-57 (Vinson) devices (+\$24,700,000), and KG-84 (+\$18,000,000).

OTHER COMMUNICATION EQUIPMENT

Nontactical ADP.—The Committee recommends an allowance of \$33,000,000 in agreement with the authorization act. This \$23,600,000 increase to the budget will provide the Army with the first of a number of super computers which the Army advises the Committee are sorely needed to improve weapon system development and acquisition.

SOUTHCOM C3 upgrade.—The Army requested \$26,900,000 for critically needed communications, command and control facilities in its Southern Command headquarters.

Written responses to Committee questions state that only \$17,300,000 is now needed in fiscal year 1986. Of that amount, \$3,500,000 is needed for the Panama TV network. Those funds have been added to the Armed Forces Radio and TV Service budget line rather than funded here. The Committee recommends funding of \$13,800,000.

Digital message device.—The Department is reevaluating and restructuring this program. The planned fiscal year 1985 contract has not been awarded pending this review.

The Committee recommends deferring the \$13,200,000 requested for 701 digital message devices.

Digital storage and retrieval engineering data system.—The Committee recommends a reduction of \$1,000,000 based on negotiated contract savings.

NAVSTAR GPS user equipment.—The budget requests \$9,742,000 for several types of ground based NAVSTAR GPS receivers. Testing problems have delayed operational testing and award of the initial production contract funded in fiscal year 1985. Reliability (MTBF) is less than 10 percent of the minimum acceptable level.

The Committee recommends deferral of all 1986 procurement funding pending a successful demonstration that the system meets specification and is ready for production. Fiscal year 1985 funds remain available for the first year of low rate initial production.

However, the Appropriations Committee does view the GPS user equipment as a good example of a successful joint services program. The Committee directs that no GPS user equipment be developed by any DOD Department outside of the sponsorship and direction of the Joint Program Office.

OTHER SUPPORT EQUIPMENT

27 foot bridge erection boat.—The Committee believes that the \$25,400,000 deleted during authorization was done in error. This boat is being procured under a multiyear contract as a constituent part of the combat engineer's ribbon bridges which were fully funded for fiscal year 1986. Consequently, the Committee recommends providing the full amount requested.

Armored combat earthmover.—The M-9 armored combat earthmover [ACE] is a high-speed, tracked vehicle designed to keep up with the current family of combat vehicles and upon arrival be able to complete heavy earthmoving requirements such as digging in vehicles and making roads.

The 1986 request for \$65,000,000 is to initiate procurement of the first 70 vehicles. Last year that Army decided to delayed initial production based on issues raised during the ACE's initial production test and force development test.

The Army recently advised the Committee that the follow-on evaluation results will now permit full production. However, a number of needed improvements were identified such as a design change to the torque related transmission components. System reliability and maintainability continue to be a problem for this vehicle.

The Committee does not agree that production should proceed until the torque related transmission components are fixed and demonstrated reliable. It is the unique transmission capability to both travel at high speeds and do heavy earth work which is essential for the ACE and differentiates the ACE from slow moving bulldozers and other high speed combat tracked vehicles. Accordingly, no production funds are recommended. The Committee will consider a reprogramming request once the transmission problems have been resolved.

Logistics unit productivity systems.—The Army has a \$666,800,000 program for modernizing its logistics units with labor saving equipment. The Army requested \$14,300,000 to initiate the program this year. Approximately 70 percent of the equipment will be issued to National Guard and Army Reserve units.

The Committee recommends accelerating this initiative by adding \$53,700,000, all of which is executable this year. This additional funding will permit reducing the force structure by five conventional ammunition companies and eight fuel handling companies 2 years earlier than

planned. The following items are included: 32 rough terrain container cranes (\$32,000,000); 165 small emplacement excavators (\$14,400,000); 154 each 350 GPM pumps (\$2,600,000); 109 tank and pump assemblies (\$1,100,000); 72 each 50,000 storage tanks (\$1,200,000); 464 filter separators (\$1,600,000); and 122 hoseline sets (\$800,000).

Medical readiness items.—The Committee recommends increasing the allowance for deployable medical systems and combat support medical equipment by a total of \$74,800,000. This increase is to accelerate the Department's efforts to improve its combat medical readiness capabilities. The recommended allowances for these two lines are \$132,100,000 and \$104,600,000 respectively.

6,000 pound rough terrain forklift.—The request of \$26,300,000 for 250 forklifts is deferred. The fiscal year 1985 contract solicitation has been canceled and the program is being restructured. Fiscal year 1985 funds remain available.

Host nation support.—The Army has requested \$58,200,000 in fiscal year 1986 funding for the Host Nation Support Program which provides German reservist with a mix of United States and foreign equipment to logistically support U.S. forces during wartime. Prior-year program execution has been hampered due to a lack of agreement on program specifics.

The Committee recommends providing the requested amount but stipulates that these funds maybe obligated only for the Host Nation Support Program. A complete discussion of the host nation support program can be found in the operation and maintenance, Army section.

OTHER

Noncentrally managed items.—The Committee recommends an allowance of \$105,300,000 in accordance with the authorizing legislation which directed that purchases of noncentrally managed items with cost over \$5,000 be procurement funded rather than O&M funded as proposed by the Department. Items costing less than \$5,000 may be purchased with operating funds. A corresponding reduction has been recommended in the Army O&M accounts.

AIRCRAFT PROCUREMENT, NAVY

1985 appropriation	\$10,903,798,000
1986 budget estimate	12,062,600,000
House allowance	10,446,400,000
Committee recommendation	10,289,651,000

The Committee recommends an appropriation of \$10,289,651,000, a decrease of \$1,772,949,000 from the President's budget request and \$156,749,000 less than the House allowance. In addition, the Committee recommends transfer of \$566,382,000 from prior year appropriations compared to \$594,600,000 proposed by the House.

This appropriation finances the construction, procurement, production, modification, and modernization of aircraft, including ordnance systems, ground support equipment, flight simulators, spare parts, accessories, and specialized equipment, expansion of public and private plants.

[In thousands of dollars]

	1986 budget		House amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount		Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(5)	(6)	(7)	(8)
AIRCRAFT PROCUREMENT, NAVY							
BA-1 COMBAT AIRCRAFT							
A-6E (ATTACK) INTRUDER.....	6	202,582	293,282	---	-6	-202,582	-293,282
(PY TRANSFER).....	--	---	---	(202,582)	+6	(+202,582)	(+202,582)
A-6E (ATTACK) INTRUDER (AP-CY).....	--	11,600	20,900	---	--	-11,600	-20,900
(PY TRANSFER).....	--	---	---	(11,600)	--	(+11,600)	(+11,600)
EA-6B (ELECTRONIC WARFARE) PROMULER.....	12	446,298	436,098	436,098	--	-10,200	---
EA-6B (ELECTRONIC WARFARE) PROMULER (PY TRANSFER).....	--	---	(3,400)	---	--	---	(-3,400)
EA-6B (ELECTRONIC WARFARE) PROMULER (PY TRANSFER).....	--	33,000	33,000	24,800	--	-8,200	-8,200
EA-6B (ELECTRONIC WARFARE) PROMULER (AP-CY).....	46	892,459	637,259	821,459	--	-71,000	+184,200
AV-8B (V/STOL).....	--	---	(139,200)	---	--	---	(-139,200)
AV-8B (V/STOL) (PY TRANSFER).....	--	86,569	86,569	86,569	--	---	---
AV-8B (V/STOL) (AP-CY).....	18	653,615	553,615	649,090	--	-4,525	+95,475
F-14A (FIGHTER) TOMCAT.....	--	148,200	124,200	124,200	--	-24,000	---
F-14A (FIGHTER) TOMCAT (AP-CY).....	84	2,493,741	2,153,741	2,267,900	--	-225,841	+114,159
F/A-18 (FIGHTER) HORNET.....	--	---	(118,000)	---	--	---	(-118,000)
F/A-18 (FIGHTER) HORNET (PY TRANSFER).....	--	268,130	210,130	210,130	--	-58,000	---
F/A-18 (FIGHTER) HORNET (AP-CY).....	14	260,053	235,053	235,053	--	-25,000	---
CN/MH-53E (HELICOPTER) SUPER STALLION (NYP).....	--	33,300	33,300	33,300	--	---	---
CN/MH-53E (HELICOPTER) SUPER STALLION (NYP) (AP-CY).....	22	201,982	201,982	198,500	--	-3,482	-3,482
AM-1T (HELICOPTER) SEA COBRA.....	18	315,580	202,980	250,080	--	-65,500	+47,100
SH-60B (ASW HELO) SEAHAWK.....	--	---	(47,000)	---	--	---	(-47,000)
SH-60B (ASW HELO) SEAHAWK (PY TRANSFER).....	--	---	---	---	--	---	---

[In thousands of dollars]

	1966 budget		House amount (3)	Senate amount (4)	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)			Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
ADVERSARY (F-16).....	12	115,673	115,673	115,673	--	--	--	--
TOTAL, BA-3 TRAINER AIRCRAFT.....		165,104	140,404	140,404		-24,700		--
BA-4 OTHER AIRCRAFT								
E-6A.....	2	297,300	297,300	--	-2	-297,300	-2	-297,300
E-6A (AP-CY).....	--	58,300	58,300	--	--	-58,300	--	-58,300
WH-60.....	9	102,800	102,800	102,800	--	--	--	--
TOTAL, BA-4 OTHER AIRCRAFT.....		458,400	458,400	102,800		-355,600		-355,600
BA-5 MODIFICATION OF AIRCRAFT								
A-3 SERIES.....	--	5,359	5,359	5,359	--	--	--	--
A-4 SERIES.....	--	16,972	10,272	10,272	--	-6,700	--	--
A-6 SERIES.....	--	240,536	230,936	224,115	--	-16,421	--	-6,821
EA-6 SERIES.....	--	45,394	38,594	45,394	--	--	--	+6,800
A-7 SERIES.....	--	29,983	10,783	7,569	--	-22,414	--	-3,214
AW-8 SERIES.....	--	8,123	8,123	8,123	--	--	--	--
F-4 SERIES.....	--	5,012	3,712	3,712	--	-1,300	--	--
RF-4 SERIES.....	--	2,469	2,469	2,469	--	--	--	--
F-14 SERIES.....	--	158,752	158,752	158,752	--	--	--	--

[In thousands of dollars]

	1966 budget		House amount	Senate compared to budget		Senate amount	Senate compared to House	
	Qty.	Amount		Qty.	Amount		Qty.	Amount
	(1)	(2)	(3)	(5)	(6)	(4)	(7)	(8)
F-8 SERIES.....	--	100	100	--	--	100	--	--
F-5 SERIES.....	--	1,682	1,682	--	--	1,682	--	--
OW-10 SERIES.....	--	51,506	51,506	--	--	51,506	--	--
F-18 SERIES.....	--	17,814	17,814	--	--	17,814	--	--
H-46 SERIES.....	--	136,995	134,995	--	-2,000	134,995	--	--
H-53 SERIES.....	--	40,255	40,255	--	--	40,255	--	--
SH-60 SERIES.....	--	1,635	1,635	--	--	1,635	--	--
H-1 SERIES.....	--	75,419	75,419	--	--	75,419	--	--
H-2 SERIES.....	--	33,851	33,851	--	--	33,851	--	--
H-3 SERIES.....	--	97,990	96,690	--	-1,300	96,690	--	--
EP-3 SERIES.....	--	38,531	38,531	--	--	38,531	--	--
P-3 SERIES.....	--	152,889	152,889	--	+243,200	396,089	--	+243,200
S-3 SERIES.....	--	284,291	293,591	--	--	284,291	--	-9,300
E-2 SERIES.....	--	72,062	65,662	--	-6,400	65,662	--	--
TRAINER A/C SERIES.....	--	5,283	4,983	--	-300	4,983	--	--
EC-130 SERIES.....	--	6,471	6,471	--	--	6,471	--	--
C-130 SERIES.....	--	12,485	12,485	--	--	12,485	--	--
KC-TANKER CONVERSION	--	--	--	--	+110,000	110,000	--	+110,000
FENSG.....	--	22,673	22,673	--	--	22,673	--	--
CARGO/TRANSPORT A/C SERIES.....	--	6,939	6,939	--	--	6,939	--	--
VARIOUS.....	--	15,625	15,625	--	-11,000	4,625	--	-11,000
POWER PLANT CHANGES.....	--	8,339	8,339	--	--	8,339	--	--
MISC FLT SAFETY/OPER NECESSITY CHANGES.....	--	4,334	4,334	--	--	4,334	--	--

[In thousands of dollars]

	1968 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
COMMON ECM EQUIPMENT.....	--	242,021	242,021	165,368	--	-76,653	--	-76,653
COMMON AUTONICS CHARGES.....	--	23,927	23,927	23,927	--	--	--	--
UNDISTRIBUTED REDUCTION.....	--	--	-30,000	--	--	--	--	+30,000
TOTAL, BA-5 MODIFICATION OF AIRCRAFT.....		1,865,717	1,791,417	2,074,429		+208,712		+283,012
BA-6 AIRCRAFT SPARES								
SPARES AND REPAIR PARTS.....	--	1,463,662	1,325,162	1,425,162	--	-38,500	--	+100,000
SPARES AND REPAIR PARTS (PY TRANSFER).....	--	--	(100,000)	--	--	--	--	(-100,000)
BA-7 AIRCRAFT SUPPORT EQUIPMENT AND FACIS								
COMMON GROUND EQUIPMENT.....	--	684,820	684,820	668,520	--	-16,300	--	-16,300
AIRCRAFT INDUSTRIAL FACILITIES.....	--	57,132	57,132	57,132	--	--	--	--
WAR CONSUMABLES.....	--	65,042	65,042	60,242	--	-4,800	--	-4,800
OTHER PRODUCTION CHARGES.....	--	57,680	55,980	55,980	--	-1,700	--	--
UNDISTRIBUTED REDUCTION.....	--	--	-64,800	--	--	--	--	+64,800
TOTAL, BA-7 AIRCRAFT SUPPORT EQUIPMENT AND FACIS.....		864,674	798,174	841,874		-22,800		+43,700
INFLATION REESTIMATES FOR FY86.....	--	--	-15,000	-15,000	--	-15,000	--	--
INFLATION PREMIUM, FY86.....	--	--	-253,300	--	--	--	--	+253,300

[In thousands of dollars]

	1986 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)			Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
FY85 INFLATION FAIRNESS ADJUSTMENT.....	--	---	-181,000	---	--	---	--	+181,000
(PY TRANSFER).....	--	---	(181,000)	---	--	---	--	(-181,000)
		=====	=====	=====		=====		=====
TOTAL, AIRCRAFT PROCUREMENT, NAVY.....		12,062,600	10,446,400	10,289,651		-1,772,949		-156,749
TRANSFER FROM OTHER ACCOUNTS.....		---	(594,600)	(566,382)		(+566,382)		(-28,218)
		-----	-----	-----		-----		-----
TOTAL FUNDING AVAILABLE.....		12,062,600	11,041,000	10,856,033		-1,206,567		-184,967
		=====	=====	=====		=====		=====

COMMITTEE RECOMMENDED ADJUSTMENTS

A-6E INTRUDER ATTACK AIRCRAFT

The Committee recommends an allowance of \$202,582,000 to be derived by transfer from fiscal year 1985 appropriations for production of six budgeted A-6E medium attack combat aircraft. The prior year savings are recommended to fund the budget cost estimate in lieu of new budget authority requested. The House provided new appropriations of \$293,282,000 for 11 authorized aircraft. A transfer of \$11,600,000 is recommended for advance funding instead of \$20,900,000 proposed by the House.

Total funding required for the A-6E is provided by transfer from funds appropriated in fiscal year 1985 as follows: F/A-18, \$176,200,000; SH-60B, \$33,300,000; and the A-6E program, \$4,682,000.

EA-6B PROWLER EW AIRCRAFT

An appropriation of \$436,098,000 is recommended for production of 12 EA-6B electronic warfare aircraft, a reduction of \$10,200,000 from the budget in agreement with the House. The reduction is based on airframe and electronics contract savings. The House also provided for transfer of \$3,400,000 from prior years. The advance procurement funding level of \$24,800,000 reflects a reduction of \$8,200,000 due to revised Navy planning to procure 9 instead of 12 aircraft in fiscal year 1987. The House approved the budget request.

AV-8B HARRIER VSTOL AIRCRAFT

A funding level of \$821,459,000 is recommended for 46 budgeted AV-8B Harrier aircraft, a reduction of \$71,000,000 from the request. This reflects savings from favorable currency exchange rates for purchase of airframe assemblies and contract savings for 25 mm guns, electronics and missile launchers as documented by a General Accounting Office review.

Advance funding of \$86,569,000 agrees with the budget request and the House. The Committee allowance is \$45,000,000 above the total funding of \$776,459,000 recommended by the House of which \$139,200,000 is to be transferred from fiscal year 1985 AV-8B program savings. The Committee recommends these savings be used to fund the E-2C program discussed separately.

F-14A FIGHTER

The Committee recommends an allowance of \$649,090,000 for production of 18 budgeted F-14A fighter aircraft, a reduction of \$4,525,000 from the budget request and \$95,475,000 above the House. Section 132(2) of the authorization requires all new F-14A aircraft be configured with the F-110 engine instead of the Navy plan to begin F-110 installations next year. The additional cost involved to comply with the legislative direction will absorb the contract savings identified by the House.

F/A-18 HORNET STRIKE/FIGHTER

The Committee recommends \$2,267,900,000 for production of 84 budgeted F/A-18 aircraft, a reduction of \$225,841,000 from the budget request. Total House funding of \$2,153,741,000 and a transfer of \$118,000,000 is \$3,841,000 above this allowance. Advance funding of \$210,130,000 agrees with the House and authorization reduction of \$58,000,000.

Financing adjustments.—The recommended funding level reflects several program and financing changes. Navy awarded the fiscal year 1985 airframe contract substantially below the previous levels. Recurring unit fly away costs have dropped more than 10 percent to a level commensurate with contract prices of almost 3 years ago resulting from vigorous negotiations and prudent management. These negotiated savings are factored to reestimate the anticipated airframe cost for fiscal year 1986. A transfer of \$176,200,000 from the fiscal year 1985 F/A-18 contract savings is applied in this account to fund the A-6E aircraft budget request.

Since the budget submission, the Air Force and Navy have revised its development and production plans for the airborne self protection jammer [ASPJ] system. The joint service ASPJ is an expected improvement in U.S. forces capability to confuse enemy radar and weapons guidance systems, but the production schedule has slipped to fiscal year 1987. A General Accounting Office audit demonstrates that \$137,800,000 of budgeted ASPJ production funding may be deleted from the request due to the program restructuring. The allowance retains \$41,300,000 to cover F/A-18 airframe costs to accept the ASPJ once the system is available. Recommended transfers, discussed separately in this report, were devised to retain \$80,000,000 within funds appropriated in fiscal year 1985 to cover initial ASPJ nonrecurring costs. The recommended transfer from fiscal year 1985 F/A-18 funding applies to airframe contract savings only.

The balance of the reduction is afforded by contract savings for Maverick missile launchers and electronics, revised engineering change order estimates, and deferral of AMRAAM missile support due to program slippage.

Force level requirements.—A Congressional Budget Office report released earlier this year documented an imbalance of carrier air wing requirements against the Navy aircraft 5-year procurement program. The most glaring mismatch is between the F/A-18 fighters and A-6 medium attack aircraft. When compared to the Navy's redefined carrier air wing configuration, the procurement plan would produce 139 excess F/A-18 aircraft and 124 fewer A-6 aircraft than required. Rather than adjust the budgeted production rates for either program this fiscal year, the Navy should adjust the procurement plan to meet stated requirements beginning in fiscal year 1987. The Committee expects a report to accompany the budget request which demonstrates the reconciliation and proposed acquisition strategies to meet the carrier air wing objectives.

CH/MH-53E SUPER STALLION HELICOPTER

The Committee recommends \$235,053,000 for 14 CH/MH-53E helicopters, a reduction of \$25,000,000 from the budget request in agreement with the House and authorization assumptions. The allowance of \$33,300,000 for advance procurement is the same as the budget request.

AH-1T SEA COBRA HELICOPTER

An appropriation of \$198,500,000 is recommended for 22 AH-1T helicopters, a reduction of \$3,482,000 based on engine contract savings. The House approved the budget request.

SH-60B SEAHAWK/LAMPS III HELICOPTER

The Committee recommends an allowance of \$250,080,000 to acquire 18 SH-60B antisubmarine warfare helicopters and \$54,900,000 advance funding to continue this production rate in fiscal year 1987. The recommended funding level is \$65,500,000 below the request due to airframe contract savings and revised estimates for engineering change order reserves. The recommendation is in agreement with the House with the exception of the proposed transfer of \$47,100,000 from fiscal year 1985 SH-60B contract savings. The Committee has applied these savings to finance a portion of the A-6E and E-2C aircraft procurement estimates.

Authorization for SH-60B is based on the assumption that contract savings should be used to procure an additional six helicopters. Navy testimony before the Committee established that the operational deployment schedule for the SH-60B could not accommodate additional aircraft above the budgeted production rate of 18 helicopters. The Navy is encouraged to continue its procurement program commensurate with operational requirements.

P-3C ORION ASW AIRCRAFT

The Committee recommends termination of the P-3C patrol aircraft procurement program. Consequently, the budget requests for 9 aircraft and \$329,871,000, advance funding of \$156,600,000 and multiyear contract authority for 33 aircraft are recommended for deletion. The House denied multiyear contract authority, but recommended an authorized \$322,871,000 for nine aircraft and \$106,600,000 for advance procurement. Additionally, the House included bill language to fence P-3C appropriations and direct four of the production aircraft to the Naval Reserve. The House bill language is deleted in conformance with the Committee's procurement recommendation.

P-3C requirements.—Based on an analysis of current P-3 requirements, alternatives to new aircraft production, and the current Navy plan to terminate P-3 production and develop a new aircraft, the Committee concludes that it is more cost effective to accelerate the P-3 modification program in lieu of additional production aircraft.

The Navy's current inventory of P-3 aircraft equates to the total force requirement. The primary impetus for new aircraft has been to replace

retiring airframes and to upgrade the ASW acoustic systems aboard the aircraft. The Naval Air Development Center is examining an airframe service life extension program which could add up to 12 years to the operating service of the existing P-3C fleet. This program could defer inventory replacement procurement until the mid-1990's.

Additionally, the Navy started the Update III modification program in fiscal year 1984 to upgrade ASW acoustic processing capability. The modification is planned for all P-3C aircraft in the inventory and the heavyweight P-3B aircraft, or about one-half the P-3B inventory. The modification program will satisfy the inventory objective and provide growth capacity for ASW surveillance systems without adding airframes. To accelerate the completion of this objective, an additional \$239,500,000 is recommended for P-3 modifications. The additional funding is intended to procure a total of 48 Update III modification kits for installation on existing P-3 airframes and accelerate the acoustic sensor improvement program for Naval Reserve aircraft.

Current P-3 aircraft antisubmarine warfare operations have been increasing commensurate with Soviet submarine activity. An identified shortage of sonobuoys for ASW sensing has posed restrictions on the level of operations required. To redress the deficiency, the Committee recommends an increase of \$35,000,000 for additional low cost sonobuoys as discussed in the other procurement section of the report.

These initiatives more directly address improvements in ASW capability at a lower cost than the budget request for additional, limited numbers of airframes.

VPX plan.—The Defense Department's current plan is to discontinue P-3C procurement and begin development in fiscal year 1987 of a VPX aircraft planned for production in fiscal year 1989. The Department's objective is to acquire a low cost aircraft for antisubmarine warfare surveillance and long range maritime patrol. Clearly, the current plan is at variance with the budget request to begin a P-3C multiyear program. Coupled with requirements issues and modification initiatives previously discussed, the Department's VPX plan mitigates against future P-3 production.

E-2C HAWKEYE

The Committee recommends a transfer of \$320,900,000 for the procurement of six E-2C early warning surveillance aircraft. Total funds available are \$7,460,000 below the budget estimate based on contract savings for airframes, electronics and ground support equipment. The allowance is \$1,560,000 below the House recommendation of \$316,460,000 of new appropriations and transfer of \$6,000,000. The advance procurement allowance of \$31,300,000 is the same as the budget request and the House allowance, but financed through prior year savings. The following table displays the sources of program funding to be transferred for E-2C financing:

Fiscal year 1984:

EA-6B.....	\$1,000,000
AV-8B.....	16,500,000
F/A-18.....	10,900,000
SH-2F.....	6,400,000
A/C modifications.....	20,300,000
A/C support facilities.....	1,500,000
Uncommitted.....	4,200,000

Fiscal year 1985:

EA-6B.....	4,200,000
AV-8B.....	139,200,000
CH-53E.....	6,500,000
SH-60.....	16,000,000
E-2C.....	7,300,000
SH-2F.....	6,700,000
A/6 modifications.....	15,100,000
A/C modifications.....	92,900,000
A/C support facilities.....	3,500,000

SH-2F SEASPRITE/LAMPS I HELICOPTERS

In agreement with the House, an allowance of \$60,900,000 is recommended for six SH-2F helicopters, a reduction of \$9,000,000 from the request to reflect airframe contract savings.

C-20A EXECUTIVE AIRCRAFT

An addition of \$40,000,000 is included for the acquisition of two authorized C-20A executive transport aircraft in agreement with the House allowance.

T-34C TRAINER AIRCRAFT

An appropriation of \$24,731,000 is recommended for 19 T-34C trainer aircraft, a reduction of 19 aircraft and \$24,700,000 from the budget request in agreement with the House and authorization assumptions.

E-6A TACAMO REPLACEMENT AIRCRAFT

The Committee recommends deletion of all procurement funds requested for E-6A aircraft. This represents a reduction of \$297,300,000 budgeted for two aircraft and \$58,300,000 budgeted for advance funding. Continued aircraft development at the budgeted level of \$86,300,000 is recommended. This proposal defers E-6A production until the Defense Department can demonstrate that the added capability of a new airframe can be utilized. To accelerate required communications improvements, the Committee recommends an addition of \$50,000,000 to the Air Force procurement account and \$100,000,000 of research and development funding.

Budget plan.—The Defense Department plan is to replace the existing fleet of 20 EC-130 strategic communications aircraft through a \$1,798,000,000 acquisition program for 15 E-6A, B-707 variant aircraft. The primary mission of the EC-130, TACAMO aircraft is to relay communications from the National Command Authority to submerged

strategic missile submarines. In the event of a national emergency, the EC-130 aircraft are a means of relay for strategic launch commands.

The budget request is to begin replacement of the EC-130 aircraft based on the need to improve communication connectivity and expand range coverage. With the deployment of the Trident submarines, the Defense Department has become concerned with the range limitation of the EC-130 aircraft. In this regard, the E-6A aircraft offers greater range capability and longer on-station time than the EC-130. But since the budget was submitted, the Navy has publically waived in its support for the program.

TACAMO communications and operations.—A General Accounting Office report prepared for the Committee found that the operational range of any strategic communication relay aircraft is limited by the uplink communications relay to TACAMO aircraft. The communications improvements required to take advantage of the E-6A capability will not be available for several years. The communication limitations, more fully explored in the classified annex to this report, have led the Committee to the conclusion that the added capability of the E-6A aircraft cannot be efficiently utilized at this time.

In addition to the communications deficiencies, there are operational and acquisition issues which call into question the prudence of E-6A replacement program.

An underlying assumption in the Department's plan is that the EC-130 is incapable of performing the mission today. In fact, the EC-130 aircraft are attaining better than average mission capable and full mission capable rates at the two existing squadrons. The potential margin for improvement in the communications downlink capability is diminutive. GAO's analysis of the replacement plan found that more than one-half of the existing EC-130 fleet would be retired at least 10 years before service life is expended. The oldest EC-130 aircraft is scheduled to retire with 34 percent of useful life still remaining. At the other extreme, there are two EC-130 aircraft still in production which would retire under the Department's plan with 81 percent of useful life remaining.

E-6A acquisition plan.—Given the absence of operational urgency to replace the EC-130, the Committee fails to understand why the E-6A procurement plan is highly concurrent with the development program. The first aircraft, which is funded through research and development appropriations, is to be followed by 14 production aircraft. However, the development aircraft is not scheduled for delivery until after appropriations have been approved for all production aircraft. DOD advocates contend that the integration of communications equipment aboard the E-6A should not be complex. The plan is to remove existing EC-130 communications equipment, incorporate some improvements, and install aboard replacement E-6A aircraft. But the communications equipment has not yet been installed on the E-6A development aircraft, and operational test and evaluation will not be completed until all production aircraft are funded. Clearly, this highly concurrent program leaves little margin for adjustment to planned integration schedules.

Alternative acquisition plan.—GAO examined a series of alternatives and determined that E-6A production could begin as early as fiscal year 1988 if strategic communications improvements are implemented early. Once the communications improvements are fully operational, there may be an opportunity to realize the desired range improvements with the E-6A aircraft. The Committee recognizes this potential and, therefore, recommends additional funding to accelerate strategic communications upgrade and strongly endorses continued development funding for E-6A as budgeted. The specifics of this initiative are detailed in the classified annex to this report.

MODIFICATION OF IN-SERVICE AIRCRAFT

The Committee recommends a total of \$2,074,429,000 for Navy aircraft modifications, an increase of \$208,712,000 to the budget request and \$283,012,000 above the House.

P-3 aircraft modifications.—The Committee recommends an appropriation of \$396,089,000, an increase of \$243,200,000 to upgrade the existing inventory of P-3 aircraft. Recommendations for acceleration of the P-3 modification program are described earlier in the report. Specific program additions include: \$212,000,000 for 33 additional update III modification kits for a total of 48 aircraft to upgrade the acoustic submarine detection systems; \$27,500,000 for improved AQA-7 acoustic sensor improvements for the Reserve fleet; and \$3,700,000 to modify P-3A aircraft to be turned over to the Customs Service for drug interdiction efforts.

Refueling tanker modifications.—The Committee recommends an appropriation of \$110,000,000 for refueling tanker aircraft modifications to support deployed, carrier based fighter aircraft. This increase allows for the procurement of up to 16 commercial aircraft to be converted to aerial refueling tankers. The conversion of used commercial aircraft, rather than production of new tankers as currently planned by the Navy, will result in a cost avoidance of more than \$300,000,000. In addition to cost efficiency, the near-term availability of these tankers will establish a land based tanker force designed to enhance fighter force projection.

AN/ALQ-126B.—The Committee recommendation deletes \$75,053,000 budgeted for the AN/ALQ-126B modification program. The fiscal year 1985 program was not executed due to hardware delivery delay problems. The fiscal year 1986 program should be deferred until delay problems are corrected.

30 mm gun pod.—A reduction of \$11,000,000 is recommended by the Committee from the 30 mm gun pod modification program. The Navy is experiencing problems adapting the weapon system to carrier-based aircraft. Additionally, no written operational requirement exists for the program within the Navy or the Marine Corps.

Other modification programs.—The Committee recommends reductions of \$58,435,000, based on the General Accounting Office documentation of program accelerations within available funds, canceled modifications, and savings resulting from pricing revisions and favorable

contract negotiations. The following table summarizes the Committee and House reductions:

Aircraft series	House	Senate
A-4.....	-\$6,700,000	-\$6,700,000
A-6.....	-9,600,000	-16,421,000
EA-6B.....	-6,800,000	
A-7.....	-19,200,000	-22,414,000
F-4.....	-1,300,000	-1,300,000
H-46.....	-2,000,000	-2,000,000
H-3.....	-1,300,000	-1,300,000
E-2.....	-6,400,000	-6,400,000
Trainer aircraft.....	-300,000	-300,000

OTHER ADJUSTMENTS

All other adjustments, unless otherwise noted conform to authorized limitations.

Aircraft support equipment.—A reduction of \$21,100,000 reflects adjustments to three separate line items based on contract savings for test equipment as demonstrated by GAO audit.

PRIOR YEAR TRANSFER SUMMARY

The Committee has recommended transfers totaling \$566,382,000 from unobligated balances of prior year aircraft procurement appropriations. The following table summarizes all transfers incorporated in the separate program recommendations.

Fiscal year 1984:

EA-6B electronics contract savings.....	\$1,000,000
F/A-18 missile launcher and electronics.....	10,900,000
Aircraft support facilities.....	1,500,000
Uncommitted funds.....	4,200,000
SH-2F airframe contract savings.....	6,400,000
AV-8B support equipment and contract savings.....	16,500,000
Modifications.....	20,300,000

Fiscal year 1985:

EA-6B airframe contract savings.....	4,200,000
AV-8B airframe and engine contract savings.....	139,200,000
F/A-launcher, changes, and airframe savings.....	176,200,000
CH-53F airframe contract savings.....	6,500,000
SH-60B helicopter contract savings and changes.....	49,300,000
A-6 modification.....	15,100,000
Aircraft support facilities.....	3,500,000
SH-2F airframe contract savings.....	6,700,000
A-6E airframe contract savings.....	4,682,000
E-2C airframe and support equipment savings.....	7,300,000
Modifications.....	92,900,000

WEAPONS PROCUREMENT, NAVY

1985 appropriation	\$4,353,611,000
1986 budget estimate.....	5,627,900,000
House allowance.....	5,093,733,000
Committee recommendation	5,372,563,000

The Committee recommends an appropriation of \$5,372,563,000, a decrease of \$255,337,000 below the President's budget request and \$278,830,000 more than the House allowance.

This appropriation finances the construction, procurement, production, modification, and modernization of strategic and tactical missiles, torpedoes, other weapons, and related support equipment, including spare parts and accessories; and expansion of public and private plants.

[In thousands of dollars]

	1986 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
WEAPONS PROCUREMENT, NAVY								
BA-1 BALLISTIC MISSILES								
BALLISTIC MISSILES								
USM-73A (C-3) POSEIDON.....	--	5,001	5,001	5,001	--	--	--	--
USM-96A (C-4) TRIDENT I.....	--	66,226	36,226	36,226	--	-30,000	--	--
TRIDENT II.....	--	312,686	312,686	312,686	--	--	--	--
TRIDENT II (AP-CY).....	--	269,300	269,300	269,300	--	--	--	--
MODIFICATION OF MISSILES								
USM-73A (C-3) POSEIDON MODS.....	--	15,006	----	----	--	-15,006	--	--
SUPPORT EQUIPMENT AND FACILITIES								
MISSILE INDUSTRIAL FACILITIES.....	--	4,501	4,501	4,501	--	--	--	--
ASTRONAUTICS.....	--	12,606	12,606	12,606	--	--	--	--
TOTAL, BA-1 BALLISTIC MISSILES.....								
		685,326	640,320	640,320		-45,006		
=====								
BA-2 OTHER MISSILES								
STRATEGIC MISSILES								
BSM-109 TOMAHAWK.....	249	670,204	670,204	670,204	--	--	--	--
BSM-109 TOMAHAWK (AP-CY).....	--	64,600	54,600	54,600	--	-10,000	--	--

[In thousands of dollars]

	1986 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TACTICAL MISSILES								
AIM/RIN-7 F/N SPARROW.....	1,872	359,200	345,379	359,200	476	---	476	+13,821
AIM/RIN-7 F/N SPARROW (AP-CY).....	--	9,500	---	---	---	-9,500	---	---
AIM-9L/M SIDEWINDER.....	1,220	85,800	125,800	125,800	4900	+40,000	+270	---
AIM-9L/M SIDEWINDER (AP-CY).....	--	8,000	---	---	---	-8,000	---	---
AIM-54A/C (PHOENIX).....	265	343,600	250,700	343,600	---	---	---	+92,900
AIM-54A/C (PHOENIX) (AP-CY).....	--	38,300	24,800	24,800	---	-13,500	---	---
AGM-84A HARPOON.....	395	314,873	314,873	314,873	---	---	---	---
AGM-88A HARM.....	904	258,000	236,000	242,214	---	-15,786	479	+6,214
SM-1 MR.....	--	26,438	17,738	20,300	---	-6,138	---	+2,562
SM-1 MR (AP-CY).....	--	9,500	---	---	---	-9,500	---	---
SM-2 MR.....	846	509,719	509,719	509,719	---	---	---	---
SM-2 ER.....	470	312,235	312,235	303,200	---	-9,035	---	-9,035
RAM.....	117	44,713	15,000	---	-117	-44,713	---	-15,000
SIDEARM.....	168	20,500	20,500	30,500	4205	+10,000	+205	+10,000
HELLFIRE.....	1,304	55,068	55,068	51,768	---	-3,300	---	-3,300
LASER NAVIERICK.....	1,500	194,258	173,458	173,458	---	-20,800	---	---
IIR NAVIERICK.....	195	27,809	27,809	27,809	---	---	---	---
AERIAL TARGETS.....	--	105,600	105,600	105,600	---	---	---	---
BOMBS AND DECOYS.....	--	29,400	29,400	29,400	---	---	---	---
OTHER MISSILE SUPPORT.....	--	12,309	12,309	12,309	---	---	---	---
MODIFICATION OF MISSILES								
TOWHAWK MODS.....	--	2,500	2,500	2,500	---	---	---	---
AIM/RIN-7E/F SPARROW MOD.....	--	2,302	2,302	2,302	---	---	---	---

[In thousands of dollars]

	1986 budget		House amount (3)	Senate amount (4)	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)			Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
A1H-9 SIDEWINDER MOD.....	--	30,317	20,317	25,271	--	-5,046	--	+4,954
A1H-54A/C PHOENIX MOD.....	--	13,205	13,205	13,205	--	---	--	---
AGM-84A HARPOON MOD.....	--	9,507	9,507	9,507	--	---	--	---
STANDARD MISSILES MOD.....	--	17,102	17,102	21,802	--	44,700	--	+4,700
SUPPORT EQUIPMENT AND FACILITIES								
WEAPONS INDUSTRIAL FACILITIES.....	--	18,908	18,908	24,908	--	+6,000	--	+6,000
FLEET SATELLITE COMMUNICATIONS.....	--	56,300	56,300	56,300	--	---	--	---
DEFENSE METEOROLOGICAL SATELLITE PROGRAM.....	--	8,802	5,002	5,002	--	-3,800	--	---
ORDNANCE SUPPORT EQUIPMENT								
ORDNANCE SUPPORT EQUIPMENT.....	--	71,889	16,289	16,289	--	-55,600	--	---
TOTAL, BA-2 OTHER MISSILES.....		3,730,458	3,462,624	3,576,440		-154,018		+113,816
BA-3 TORPEDOES AND RELATED EQUIPMENT								
TORPEDOES AND RELATED EQUIPMENT								
TORPEDO MK-48 ADCAP.....	123	417,437	417,437	417,437	--	---	--	---
TORPEDO MK-46 (NYP).....	500	105,515	101,515	101,515	--	-4,000	--	---
TORPEDO MK-46 (NYP) (AP-CY).....	--	23,600	23,600	23,600	--	---	--	---
MK-60 CAPTOR.....	--	---	59,600	---	--	---	-150	-59,600
MOBILE TARGET MK-30 (NYP).....	6	20,600	16,600	18,600	--	-2,000	--	+2,000

[in thousands of dollars]

	1988 budget		House amount		Senate amount		Senate compared to budget		Senate compared to House	
	Qty.	Amount	(3)	(4)	Qty.	Amount	Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
NK-38 MINI MOBILE TARGET.....	1,200	3,499	3,499	3,499	--	--	--	--	--	--
ASROC.....	--	15,551	15,551	15,551	--	--	--	--	--	--
MOD OF TORPEDOES AND RELATED EQUIP										
MOBILE NINE NK-67.....	280	23,727	--	3,714	-280	-20,013	--	--	--	--
MOBILE NINE NK-67 (PY TRANSFER).....	--	--	(22,600)	--	--	--	--	--	--	43,714
TORPEDO NK-46 MODS (NYP).....	672	91,935	85,735	85,735	--	-6,200	-280	(-22,600)	--	--
TORPEDO NK-46 MODS (NYP) (AP-CY).....	--	8,400	8,400	8,400	--	--	--	--	--	--
CAPTOR MODS.....	--	15,705	15,705	15,705	--	--	--	--	--	--
SWINER WEAPONS SYSTEM.....	--	1,501	1,501	1,501	--	--	--	--	--	--
SUPPORT EQUIPMENT										
TORPEDO SUPPORT EQUIPMENT.....	--	47,417	47,417	47,417	--	--	--	--	--	--
ASM RANGE SUPPORT.....	--	23,158	23,158	23,158	--	--	--	--	--	--
TOTAL, BA-3 TORPEDOES AND RELATED EQUIPMENT.....		798,045	819,718	765,832		-32,213		-53,886		
BA-4 OTHER WEAPONS										
GUNS AND GUN MOUNTS										
NK-15 CLOSE IN WEAPONS SYSTEM.....	39	150,146	150,146	150,146	--	--	--	--	--	--
NK-75 76MM GUN MOUNT.....	6	20,005	15,005	17,905	--	-2,100	--	--	--	42,900
NK-19/40MM MACHINE GUN.....	56	1,196	1,196	1,196	--	--	--	--	--	--

[In thousands of dollars]

	1986 budget		House amount	Senate compared to budget		Senate amount	Senate compared to House	
	Qty. (1)	Amount (2)	(3)	Qty. (5)	Amount (6)	(4)	Qty. (7)	Amount (8)
25MM GUN MOUNT.....	29	5,501	5,501			5,501		
SMALL ARMS AND WEAPONS.....	--	11,305	11,305			11,305		
MODIFICATION OF GUNS AND GUN MOUNTS								
CIMS MODS.....	--	37,111	37,111			37,111		
5 /54 GUN MOUNT MODS.....	--	14,104	14,104			14,104		
3"/50 GUN MOUNT MODS.....	--	700	700			700		
MK 75 76MM GUN MOUNT MODS.....	--	4,201	4,201			4,201		
MODS UNDER \$900,000.....	--	2,001	2,001			2,001		
SUPPORT EQUIPMENT								
GUN SUPPORT EQUIPMENT.....	--	1,200	1,200			1,200		
TOTAL, BA-4 OTHER WEAPONS.....								
		247,470	242,470		-2,100	245,370		+2,900
BA-5 SPARES & REPAIR PARTS								
SPARES AND REPAIR PARTS.....	--	166,601	166,601			166,601		
UNDISTRIBUTED REDUCTION.....	--	--	-25,000			--		+25,000
INFLATION REESTIMATES FOR FY86.....	--	--	-7,000		-7,000	-7,000		--
INFLATION PREMIUM, FY86.....	--	--	-119,000		--	--		+119,000

[In thousands of dollars]

	1986 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)			Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
PRIOR YEAR PROGRAM SAVINGS.....	--	--	--	--	--	--	--	--
(PY TRANSFER).....	--	--	-15,000	-15,000	--	-15,000	--	--
FY85 INFLATION FAIRNESS ADJUSTMENT.....	--	--	(15,000)	(15,000)	--	(+15,000)	--	--
(PY TRANSFER).....	--	--	-72,000	--	--	--	--	+72,000
	--	--	(72,000)	--	--	--	--	(-72,000)
TOTAL, WEAPONS PROCUREMENT, NAVY.....		5,627,900	5,093,733	5,372,563		-255,337		+278,830
TRANSFER FROM OTHER ACCOUNTS.....		--	(109,600)	(15,000)		(+15,000)		(-94,600)
TOTAL FUNDING AVAILABLE.....		5,627,900	5,203,333	5,387,563		-240,337		+184,230

AUTHORIZATION CHANGES

The Committee recommends the following adjustments to reduce funding to the authorized level:

	Budget request	Committee recommendation	Change from budget
Trident I missiles	\$66,226,000	\$36,226,000	-\$30,000,000
Tomahawk advance proc	64,600,000	54,600,000	- 10,000,000
Sparrow advance proc	9,500,000		- 9,500,000
Sidewinder advance proc	8,000,000		- 8,000,000
Phoenix advance proc	38,300,000	24,800,000	- 13,500,000
Standard missile-1 adv proc	9,500,000		- 9,500,000
Defense Meteorological Satellite Program	8,802,000	5,002,000	- 3,800,000

COMMITTEE RECOMMENDED ADJUSTMENTS

POSEIDON MODIFICATIONS

The House deleted the entire \$15,006,000 requested. The Committee agrees. The Navy advises the funds are not needed.

BGM-109 TOMAHAWK

The Tomahawk cruise missile is designed as a long-range nuclear or conventionally armed land attack weapon and as a conventionally armed antiship weapon. The Tomahawk is capable of being deployed from a variety of surface ship, submarine, and land platforms.

The Committee recommends the Navy's full request of \$670,200,000 for continued production of 249 Tomahawk cruise missiles.

The request included \$29,100,000 for initial production of 10 land attack missiles armed with a conventional submunition dispenser—the so-called TLAM-D version. Development and testing of the TLAM-D has not progressed to the point that production is justified. The Navy testified that these missiles are needed for testing and establishing the production base. Testimony also established that there are nine previously funded R&D missiles available for TLAM-D testing.

The Committee directs that 10 additional TLAM-C unitary warhead land attack missiles be produced in lieu of the 10 TLAM-D missiles in the fiscal year 1986 program pending completion of TLAM-D development and operational testing. This adjustment will maintain the low rate of initial production of conventional land attack missile components at last years level.

AIR LAUNCHED MISSILES

AIM/RIM-7 Sparrow missile.—The Sparrow is the Navy's medium-range radar-guided air defense missile launched from both fleet aircraft and shipboard launchers.

The Committee recommends an increase of 76 missiles to be funded within the authorized funding level and out of expected contract savings which the House proposed to delete. The recommended allowance of \$359,200,000 will continue last year's initiative to increase war reserve inventories.

AIM-9 Sidewinder missile.—The Sidewinder is a joint Navy/Air Force heat seeking air-to-air guided missile.

The Committee recommends an increase of \$40,000,000 up to the authorized funding level of \$125,800,000. This extends the Committee efforts to increase war reserve inventories to the AIM-9 and will buy at least an additional 900 missiles.

AIM-54 Phoenix missile.—The Phoenix missile is the Navy's long-range air-to-air missile used for defense of their carrier battle groups.

The Navy's request is \$381,900,000 for procurement of 265 missiles and advance procurement for the 1987 program, which the Committee recommends be funded. Included in that request is \$92,900,000 for the establishment of a competitive second source of production. The Department has a reprogramming request (FY85-65PA) pending before the Committee for \$85,300,000 to initiate the second source program in fiscal year 1985.

The Committee recommends the full amount authorized and firmly endorses the use of competitive sources of production whenever there is reasonable chance that savings and significant benefit will accrue to the Government. In this case, competition is sustainable because the annual procurement program has been doubled and extended. To the extent that this program remains affordable within the limits of congressionally projected funding, the Committee supports the second sourcing program. Therefore, reprogramming request FY85-65PA will be considered after the Secretary of Defense provides the Defense Appropriations Subcommittees of the Senate and House an OSD CAIG (Cost Analysis Improvement Group) review of the Navy's Phase II Program and a certification that the Department's current program (POM) can economically sustain two competitive sources of production throughout the program.

AGM-88A missile [HARM].—The HARM is a joint Navy/Air Force air-to-surface antiradiation missile designed to destroy or suppress land and sea based radar equipment that direct air defenses. The HARM missile is compatible with various Navy and Air Force tactical aircraft.

The Committee recommends an allowance of \$242,214,000.

In the combined Navy and Air Force requests, \$45,500,000 is requested for tooling to increase the 1987 production rate capacity to 350 missiles per month from 270. The Committee notes that the increased cost of deferring by 2 to 3 years the production of the 1,400 missiles which exceed the 270-per-month rate, is about \$35,000,000 less than the cost of establishing the extra capacity for only 2 years of use. The Committee also understands that 1987 and 1988 production quantities are being reduced.. The Navy's share is \$15,786,000 for this extra tooling and is deleted.

SHIPBOARD MISSILES

Standard missile SM-1 MR.—The Standard missile is a family of shipborne supersonic tactical missiles for use against aircraft, missiles and other ships. The SM-1 medium range [MR] has been in production

since 1967. The Navy requested \$26,438,000 for production support and fleet support.

The fiscal year 1985 program is to be the last year of production. The Navy now plans to produce the entire 1985 program in one year rather than two as assumed in the 1986 budget. Accordingly, the Committee recommends deleting the \$6,138,000 not needed for 1986 production and fleet support.

Of the extra \$9,500,000 authorized in lieu of the requested advance procurement to support the last year of the dual thrust rocket motor [DTRM MK-56], \$4,700,000 has been added to the Standard Missile Modifications Program. This will permit supporting the 1987 program under the multiyear contract. These funds may be combined with the 1986 MK-56 regaining funds to buy the 256 motors needed for 1986 and 1987.

Standard missile SM-2 ER.—The Committee recommends a \$9,035,000 reduction in the \$312,235,000 request in anticipation of contract savings projected by the Navy.

Rolling airframe missile [RAM].—The rolling airframe missile is a surface-to-air guided missile which complements existing shipborne point-defense systems.

The Committee does not recommend any new fiscal year 1986 production funding.

Procurement funding was provided in 1984 and 1985 to establish the production line and begin pilot production of 30 missiles. However, only a small portion of the 1985 funds have been obligated for a variety of reason not the least of which is the February 1985, suspension of the development program due to a high percentage of test flight failures. The Navy currently has a reprogramming request before the Committee for an additional \$39,000,000 for the R&D program. Development is scheduled to resume in the fall.

The 1986 DOD Authorization Act provided about a third of the requested 1986 R&D funds and limited obligation of those funds until a fixed price production contract with out-year options has been established. Furthermore, the MOU with the Federal Republic of Germany, the anticipated partner or second source of production in this program, has not been negotiated and signed.

Based on the programmatic and developmental uncertainties, the Committee defers all 1986 procurement funding. Available 1985 funds should be adequate for the first year of production effort once the development program matures and is more successful.

Funds for the launcher in the "Other procurement, Navy" account have also been deleted.

OTHER TACTICAL MISSILES

Sidearm missile.—The AGM-122A Sidearm missile is a quick reaction, air-to-ground antiradiation missile derived from the AIM-9 Sidewinder air-to-air missile. This missile is to be used on both Marine Corps attack aircraft and attack helicopters.

The Navy's request is for \$20,500,000 for the initial 168 missiles. An additional 717 missiles were authorized even though this is the first year of production and only a limited quantity are projected for the out year production. The Committee recommends an increase of \$10,000,000 for an additional 205 missiles to buy out, a year early, the current program contained in the 5-year defense program procurement annex.

Hellfire missile.—The Committee recommends deleting \$3,300,000 from the \$51,768,000 requested in anticipation of contract savings based on 1985 contract savings and increased rates of production.

Laser Maverick missile.—The laser Maverick is a laser guided air-to-ground precision munitions used by both land and carrier based aircraft. The 1986 request is for \$194,258,000 for 1,500 missiles in the third year of production.

The Committee recommends a reduction of \$20,800,000 which is over budgeted based on the 1986 not-to-exceed fixed price contract option to the existing production contract. The total allowance is \$173,458,000.

Sidewinder modifications.—The House deleted \$10,000,000 from the request of \$30,317,000. The Committee recommends an allowance of \$25,271,000 which the Navy advises is their current requirement.

Weapons industrial facilities.—The Committee recommends an allowance of \$24,908,000 for the support and maintenance of Navy weapons industrial facilities. This is an increase of \$6,000,000 to provide for an oil-to-coal conversion of the steam generation plant and for the reconstruction of a propellant casting building destroyed at the Allegany Ballistics Laboratory.

Ordnance support equipment.—The Committee agrees with the House's reduction of \$55,600,000 to the request of \$71,889,000. Details are discussed in the classified annex.

TORPEDOES AND RELATED EQUIPMENT

MK-46 torpedo/MK-46 torpedo modifications.—The MK-46 is the Navy's light weight torpedo which is proposed for procurement under a second multiyear contract combining new production MK-46 MOD 5 torpedoes and MOD 5 conversion kits. A total of \$229,450,000 is requested on 4 separate lines.

The Committee recommends a reduction of \$4,000,000 to the MK-46 production line and \$6,200,000 to the modification line based on the lower than budgeted multiyear contract unit prices.

Multiyear procurement is approved as requested.

MK-60 CAPTOR mine.—The CAPTOR mine is the Navy's only deep water mine capability. No funding was requested by the Navy even though there is a stated inventory shortfall. Congress authorized a 1986 program of 150 mines and \$59,600,000.

In response to Committee questions, the Navy advised that because of strategy changes, a smaller inventory is now considered acceptable. The Navy also advised that other tests may justify an increased inventory. Unfortunately, the revised inventory objective has not been determined and will not be documented and approved until early next year.

Pending completion of this review, the Committee does not recommend any new procurement in fiscal year 1986. The Navy is directed to provide to the Committees on Appropriations of the Senate and House a statement of revised inventory requirements which reconciles and justifies any increases or decreases from current levels by March 1, 1986. A reprogramming request would be considered then, if needed, for fiscal year 1986. The Navy is expected to develop its fiscal year 1987 budget plan accordingly to maintain an adequate inventory of deep water mines.

MK-30 mobile target.—The House deleted \$4,000,000 from the request of \$20,600,000. The Committee recommends an allowance of \$18,600,000 which the Navy advises is their current requirement.

Submarine launched mobile mine MK-67.—The submarine launched mobile mine [SLMM] is a shallow water bottom mine to assist in blocking major submarine transit lanes and to restrict surface ship traffic in coastal waters.

The Committee recommends deleting \$20,013,000 in 1986 production funds leaving a total of \$3,700,000 which the Navy states are needed to conduct quality and acceptance testing for the 1983, 1984, and 1985 programs. Production deliveries are running 18 months behind with fiscal year 1982 deliveries just starting. Currently funded delivery schedules have slipped out more than a year.

OTHER WEAPONS

MK-75 76 mm gun mount.—The House deleted \$5,000,000 from the request of \$20,005,000. The Committee recommends an allowance of \$17,905,000 which the Navy advises is their current requirement.

SHIPBUILDING AND CONVERSION, NAVY

1985 appropriation	\$11,736,000,000
Prior year transfer	(36,300,000)
1986 budget estimate	11,411,600,000
House allowance	8,648,900,000
Committee recommendation	9,598,900,000

The Committee recommends an appropriation of \$9,598,900,000 and transfers of \$1,057,600,000 from prior year funds. This is a decrease of \$1,812,700,000 from the budget estimate and \$950,000,000 more than the House allowance.

This appropriation finances the construction, acquisition, or conversion of vessels, including armor and armament, plant equipment, appliances, and machine tools for production plants and facilities; and procurement of long leadtime components and designs of vessels.

[In thousands of dollars]

	1986 budget		House amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
SHIPBUILDING AND CONVERSION, NAVY							
BA-1 FLEET BALLISTIC MISSILE SHIPS							
TRIDENT (NUCLEAR).....	1	1,283,600	816,700				
TRIDENT (NUCLEAR) (PY TRANSFER).....	--	--	(373,900)	--	-87,000	--	+379,900
TRIDENT (NUCLEAR) (AP-CY).....	--	248,200	248,200	--	-90,100	--	(-373,900)
TOTAL, BA-1 FLEET BALLISTIC MISSILE SHIPS.....		1,531,800	1,064,900		-177,100		-90,100
BA-2 OTHER WARSHIPS							
SSN-688 CLASS SUBMARINE (NUCLEAR).....	4	2,123,200	1,954,000				
SSN-688 CLASS SUBMARINE (NUCLEAR) (PY TRANSFER).....	--	--	(159,200)	--	--	--	+169,200
SSN-688 CLASS SUBMARINE (NUCLEAR) (AP-CY).....	--	585,200	585,200	--	-98,800	--	(-159,200)
BATTLESHIP REACTIVATION (PY TRANSFER).....	--	--	(469,000)	--	--	--	-98,800
BATTLESHIP REACT (AP-CY).....	--	53,500	--	--	--	-1	(-469,000)
(PY TRANSFER).....	--	--	--	--	-53,500	--	--
CV SLEP (AP-CY).....	--	--	--	--	(+53,500)	--	(+53,500)
CG-47 AEGIS CRUISER (NYP).....	--	133,400	133,400	--	-81,400	--	-81,400
CG-47 AEGIS CRUISER (NYP) (PY TRANSFER).....	3	2,751,600	2,058,200	--	-113,700	--	+579,700
CG-47 AEGIS CRUISER (NYP) (AP-CY).....	--	--	(585,200)	--	--	--	(-585,200)
D0G-51 (AP-CY).....	--	14,600	14,600	--	--	--	--
D0G-51 (AP-CY) (PY TRANSFER).....	--	164,300	--	--	-149,600	--	+14,700
TOTAL, BA-2 OTHER WARSHIPS.....		5,825,800	4,745,400		-497,000		+583,400

[In thousands of dollars]

	1966 budget			House amount (3)	Senate amount (4)	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	Qty. (5)			Amount (6)	Qty. (7)	Amount (8)	
BA-3 AMPHIBIOUS SHIPS									
LSD-41 LANDING SHIP DOCK.....	2	414,400		384,500	---	--	-414,400	--	-384,500
LSD-41 LANDING SHIP DOCK (PY TRANSFER).....	--	---		(18,900)	(404,600)	--	(+404,600)	--	(+385,700)
LMD-1 AMPHIBIOUS ASSAULT SHIP.....	1	1,148,600		1,110,100	1,148,600	--	---	--	+38,500
LMD-1 AMPHIBIOUS ASSAULT SHIP (PY TRANSFER).....	--	---		(37,900)	---	--	---	--	(-37,900)
LMD-1 AMPHIBIOUS ASSAULT SHIP (AP-CY).....	--	358,600		165,600	165,600	--	-193,000	--	---
TOTAL, BA-3 AMPHIBIOUS SHIPS.....									
		1,921,600		1,660,200	1,314,200		-607,400		-346,000
BA-4 NINE WARFARE + PATROL SHIPS									
MCM NINE COUNTERMEASURES SHIP.....	4	334,100		---	197,200	-2	-136,900	+2	+197,200
(PY TRANSFER).....	--	---		---	(80,600)	+1	(+80,600)	+1	(+80,600)
MCM NINE COUNTERMEASURES SHIP (AP-CY).....	--	---		15,000	---	--	---	--	-15,000
MCM COST GROWTH.....	--	---		---	97,000	--	+97,000	--	+97,000
MSH-1 COASTAL NINE HUNTER.....	4	184,500		184,500	184,500	--	---	--	---
TOTAL, BA-4 NINE WARFARE + PATROL SHIPS.....									
		518,600		199,500	478,700		-39,900		+279,200
BA-5 AUXILIARIES, CRAFT + PY PROG COSTS									
TAO FLEET OILER.....	2	328,500		197,900	263,300	--	-65,200	--	+65,400
TAO FLEET OILER (PY TRANSFER).....	--	---		(80,600)	---	--	---	--	(-80,600)
TAGOS SURTASS SHIP.....	2	113,900		60,900	113,900	--	---	--	+53,000

[In thousands of dollars]

	1966 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)			Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
TAGOS SURTASS SHIP (PY TRANSFER).....	--	--	(28,700)	--	--	--	(-28,700)	
TAGOS SURTASS SHIP (AP-CY).....	--	1,200	--	1,200	--	--	+1,200	
TAG ACOUSTIC RESEARCH SHIP.....	1	68,900	--	40,000	--	-28,900	+40,000	
TAG ACOUSTIC RESEARCH SHIP (PY TRANSFER).....	--	--	(40,000)	--	--	--	(-40,000)	
ARTB NUCLEAR REACTOR TRAINING SHIP COMV.....	--	26,500	26,500	190,000	--	+163,500	+163,500	
TACS CRANE SHIP (COMV).....	3	82,500	74,000	74,000	--	-8,500	--	
TACS CRANE SHIP (COMV) (PY TRANSFER).....	--	--	(8,500)	(8,500)	--	(+8,500)	--	
TAVB (COMV).....	1	26,900	26,900	26,900	--	--	--	
LCAC LANDING CRAFT.....	12	276,200	276,200	--	--	-276,200	-276,200	
(PY TRANSFER).....	--	--	--	(276,200)	--	(+276,200)	(+276,200)	
LCAC LANDING CRAFT (AP-CY).....	--	30,800	30,800	--	--	-30,800	-30,800	
(PY TRANSFER).....	--	--	--	(30,800)	--	(+30,800)	(+30,800)	
STRATEGIC SEALIFT.....	--	203,400	173,100	--	--	-203,400	-173,100	
STRATEGIC SEALIFT (PY TRANSFER).....	--	--	(55,300)	(203,400)	--	(+203,400)	(+148,100)	
SERVICE CRAFT.....	--	79,500	41,800	37,700	--	-41,800	-4,100	
SERVICE CRAFT (PY TRANSFER).....	--	--	(37,700)	--	--	--	(-37,700)	
LANDING CRAFT.....	--	34,400	--	34,400	--	--	+34,400	
LANDING CRAFT (PY TRANSFER).....	--	--	(11,000)	--	--	--	(-11,000)	
OUTFITTING.....	--	228,500	228,500	228,500	--	--	--	
POST DELIVERY.....	--	112,600	84,000	112,600	--	--	+28,600	
POST DELIVERY (PY TRANSFER).....	--	--	(28,600)	--	--	--	(-28,600)	
TOTAL, BA-5 AUXILIARIES, CRAFT + PY PROG COSTS.....		1,613,800	1,220,600	1,122,500		-491,300	-98,100	

TRIDENT PROGRAM

Trident submarine.—The Committee recommends an allowance of \$1,196,600,000, a reduction of \$87,000,000 from the budget request. This revised funding level reflects negotiated contract option prices for basic construction, a reduction in escalation reserves based on current inflation forecasts, and a decrease in change order reserves based on current accounting standards. The House recommended total funding of \$1,190,600,000 of which \$373,900,000 is to be derived by transfer. Portions of the prior year savings are applied elsewhere in the recommendations.

Trident advance procurement.—An appropriation of \$158,100,000 is recommended for Trident advance procurement. This is a reduction of \$90,100,000 from the budget request. The Committee's recommendation deletes all funding requested for contractor furnished material in advance of the fiscal year 1987 Trident submarine.

The Navy's request for contractor advance material is based on the assumption that significant improvements in construction time could be achieved. These delivery improvements are occurring on ships currently under construction without benefit of advance funds for contractor materials. Moreover, the Secretary of the Navy has recently announced his intention to explore the prospect of developing a second builder of Trident submarines, thereby compounding the difficulty of determining a list of material which would be used efficiently by two shipbuilders. Under any circumstances, the Committee feels this request for incremental funding fails to meet the established guidelines for advance procurement funding.

SSN-688 ATTACK SUBMARINES

The Committee recommends an appropriation of \$2,609,600,000, a reduction of \$98,800,000 from the budget request, for the construction of four SSN-688 attack submarines and advance procurement to continue this rate of construction in fiscal year 1987. The recommended reduction deletes funds requested for contractor furnished advance material. Improvements in the construction schedule are currently being achieved for vessels under construction which received no advance funding for contractor material. Further, the Navy's supporting justification of lead time requirements does not substantiate this incremental funding request. Since the request does not appear to support a deviation from the established full funding policy, the Committee recommends that such funds be denied.

The House recommended total funding of \$2,698,400,000 of which \$159,200,000 is to be derived by transfer. A portion of these prior year funds are applied elsewhere in the recommendations. The balance should be retained to cover increased contract cost for advanced combat systems.

U.S.S. "WISCONSIN" REACTIVATION

The Committee recommends an allowance of \$53,500,000 to be financed by transfer for advance procurement to support the planned reactivation of the battleship U.S.S. *Wisconsin* in fiscal year 1987. The allowance agrees with the budget estimate but derives the financing from fiscal year 1983 CVN aircraft carrier contract savings.

The House recommended \$469,000,000, also financed by transfer, to accelerate the reactivation to fiscal year 1986. Since no operational reasons can be determined to justify acceleration, the Committee supports the Navy's budgeted program.

CG-47 AEGIS CRUISERS

An allowance of \$2,637,900,000 is recommended for the construction of three CG-47 Aegis cruisers and \$14,600,000 advance funding, a reduction of \$113,700,000 from the budget request. The revised funding level is based on actual contract option prices for basic construction, plans, and MK-45 gun mounts. Furthermore, the allowance reflects a reduction in budgeted escalation based on current inflation projections.

DDG-51 DESTROYER

Advance procurement.—The Committee recommends an allowance of \$14,700,000 for advance material to support the fiscal year 1987 construction of the second and third DDG-51 destroyers. This is a reduction of \$149,000,000 from the budget request. Much of the material requested for advance funding is common to the CG-47 cruisers, yet the cruiser program has not received advance funding for such components although construction schedules are roughly comparable. For those items which are unique to the DDG-51 program the anticipated lead time is insufficient to support appropriations this far in advance of ship construction. The recommended funded level provides for justified long lead components, ExCom equipment, and reduction gears. The House provided \$124,000,000 to be financed by fiscal year 1985 DDG-51 contract savings which are applied elsewhere in the Committee recommendations.

U.S.S. "KITTY HAWK" SERVICE LIFE EXTENSION

Advance procurement.—A \$52,000,000 allowance is recommended for advance material to support planned fiscal year 1988 shipyard work to extend the service life of the aircraft carrier CV-63 *Kitty Hawk*. This is a reduction of \$81,400,000 from the budget request. Current Navy plans indicate the *Kitty Hawk* will arrive at the Philadelphia Naval Shipyard in early fiscal year 1988 and that the work package will be expanded from 28 to at least 34 months. A General Accounting Office audit of previously appropriated advance procurement funds and the requested long lead funding required demonstrates that the allowance is adequate to meet the revised schedule.

The Committee supports the aircraft carrier service life extension program as a cost-effective means to modernize the carrier task forces in lieu of the expense of new construction. The Committee will consider any additional funding for advance material in fiscal year 1987 to the extent that such funding is justified on the basis of long-lead requirements. While there is a need for flexibility in the repair and alteration schedules, the Navy is expected to advise the Committee prior to any significant adjustments to the current plan. Under any circumstances, the Navy should sustain the service life extension program concept as the primary aircraft carrier modernization initiative.

LSD-41 LANDING SHIPS

The Committee recommends transfer of \$404,600,000, to be derived from prior year savings, for the construction of two LSD-41 landing ships. This is a reduction of \$9,800,000 from the budget estimate based on revised cost estimates for escalation and project management contingencies.

The House recommended total funding of \$403,400,000 of which \$18,900,000 is to be derived by transfer.

The Committee recommended transfers derived by \$136,700,000 from fiscal year 1982 appropriations for escalation on prior year programs; \$239,600,000 from the CVN aircraft carrier program and \$28,300,000 from escalation funds appropriated in fiscal year 1983.

LHD-1 AMPHIBIOUS ASSAULT SHIP

The Committee recommends an appropriation of \$1,148,600,000 and advance funding of \$165,600,000 to initiate multiyear procurement of three LHD-1 amphibious assault ships. The recommendation conforms to authorization assumptions. The House provided the same allowance, but \$37,900,000 is to be derived by transfer from prior year appropriations. The Committee applied these prior year savings elsewhere in the recommendations.

MCM MINE COUNTERMEASURES SHIPS

The Committee recommends an appropriation of \$197,200,000 for construction of two MCM mine countermeasures ships and a transfer of \$80,600,000 to permit the award of one fiscal year 1985 ship along with the current year procurement. This represents a reduction of \$136,900,000 and deferral of two ships from the budget request. The House deleted the \$334,100,000 budgeted for four ships but funded \$15,000,000 in an advance procurement line for selected MCM components.

While the program continues to experience construction difficulties annually articulated by the House, the Committee is compelled to observe that the serious shortages of minesweeping capability mitigates against termination of the MCM ship construction program. The Navy has restructured the program to expedite the award of three of the four ships appropriated last year. In accord with the revised program, the recommended allowance provides for two authorized ships at the cur-

rent estimate and transfers the funding required to permit a three-ship acquisition program in fiscal year 1986. The House rationale effectively to terminate the program, but permit advance funding, is elusive and not recommended in this allowance.

An appropriation of \$97,000,000 for prior year cost growth completes the total financing required to reform the construction program. The Committee anticipates that appropriate management attention will be lent to the program to accomplish the construction objectives and deliver the ships in a timely manner.

TAGOS SURVEILLANCE SHIPS

The Committee recommends an appropriation of \$113,900,000 for the construction of two TAGOS ships and \$1,200,000 advance funding for engines to be installed on the fiscal year 1987 ships. The request is based on construction of two monohull vessels, identical to the first 14 ships. The Committee has been advised that Navy is seriously considering the construction of one, new design, dual hull vessel, and one of the monohull configuration. While the Committee supports the construction of the one SWATH type vessel within funds available, it is expected that the contract obligation for engines will be deferred until the Navy has determined which ship type has been selected for the fiscal year 1986 and 1987 construction plans. The House approved \$89,600,000 of which \$28,700,000 is derived from prior year funding. Examination of the estimates leads the Committee to conclude that the House allowance is inadequate to fund the budgeted program.

T-AO FLEET OILERS

The Committee recommends an allowance of \$263,200,000 for construction of two T-AO fleet oilers, a reduction of \$65,200,000 from the budget request. The reduced allowance reflects actual contract option prices, revised escalation estimates, change orders, and management reserves using standard cost estimating factors. The House recommended transfers derived from fiscal year 1985 T-AO contract savings.

T-AG ACOUSTIC RESEARCH SHIP

An allowance of \$40,000,000 is recommended for conversion of a Navy oceanographic research ship for submarine acoustics missions, a reduction of \$28,900,000 from the budget request. The House provided the same funding level but specified that financing be derived from prior year shipbuilding appropriations which have been applied elsewhere in the Committee recommendations.

The budgeted conversion cost is nearly double that of comparable conversion plans for other vessels. Furthermore, there are indications that the conversion may not begin until fiscal year 1987. Due to the uncertainties, the Committee concurs in the House estimate and establishes a design to cost objective for the conversion.

ARTB NUCLEAR REACTOR TRAINING SHIP CONVERSION

The Committee recommends an appropriation of \$190,000,000 to fully fund the conversion of a deactivated SSBN submarine for nuclear crew training. This is \$163,500,000 above the budget and House allowance for advance material.

Current Navy planning indicates that the schedule could be accelerated to begin the ARTB conversion this fiscal year. Full funding for the program will complete the Committee's initiative from last year to convert a vessel to replace the aging *Nautilus* prototype currently in use for nuclear operator training. This is a cost efficient alternative to construction of a new facility.

The Committee intends that the funding provided will complete the program thereby establishing a cost cap of \$220,000,000 for ARTB conversion.

TACS CRANE SHIP CONVERSION

The Committee concurs in the House appropriation of \$74,000,000 and a transfer of \$8,500,000 for conversion of three TACS crane ships. This agrees with the budget estimate, partially funded from TACS funds appropriated in fiscal year 1985.

LCAC LANDING CRAFT

The Committee concurs in the House recommendation of \$276,200,000 for 12 landing air cushion craft and \$30,800,000 of advance funding, but provides that the allowance be financed by transfer from prior year appropriations. Total funding available agrees with the budget estimate for the program. The following fiscal year 1985 appropriations are transferred by this recommendation.

Trident.....	\$48,800,000
CG-47.....	157,500,000
LSO-41.....	12,900,000
TAO.....	53,100,000
TACS.....	28,300,000
Post delivery.....	6,400,000

STRATEGIC SEALIFT

The Committee recommends transfer of prior year appropriations totaling \$203,400,000 in agreement with the budget estimate for the purchase of commercial vessels to augment the Ready Reserve Fleet. The House provided \$228,400,000 partially financed by transfer of \$55,300,000.

Funds provided may be used to purchase commercial vessels offered at the lowest cost and of the types determined by the Navy to be critical for sealift contingencies. Assuming passage of authorizing legislation for the Mariner Fund discussed in title VI, the Committee expects that future strategic sealift budgets would be restricted to the purchase of vessel types which would not be cost effective to construct through the Mariner Program. Adoption of this policy in the future will maximize

the number of U.S.-flag vessels to be part of an operational Ready Reserve Fleet.

The following table displays the fiscal year 1982 appropriated funding intended for transfer.

SSN-688.....	\$58,000,000
Battleship.....	700,000
CG-47.....	125,000,000
TAO.....	19,000,000
Post delivery.....	700,000

OTHER HOUSE REDUCTIONS

The Committee does not recommend agreement with House reductions and adjustments for the following programs. Committee recommendation conforms to authorization assumptions or applies transfers elsewhere in this section.

	Budget request	House allowance	Committee recommendation
Service craft.....	\$79,500,000	\$41,800,000	\$37,700,000
Transfer.....		(37,700,000)	
Landing craft.....	34,400,000		34,400,000
Transfer.....		(11,000,000)	
Post delivery.....	112,600,000	84,000,000	112,600,000
Transfer.....		(28,600,000)	
Inflation premium.....		- 241,700,000	

PRIOR YEAR TRANSFER SUMMARY

The recommended transfers contained with the recommendation for the "Shipbuilding" appropriation account total \$1,057,600,000 from prior year funds. The following table summarizes all funds intended for transfer as provided for in the Committee recommendations for specific funding levels.

Fiscal year 1982:	
SSN-688.....	\$58,000,000
Battleship.....	700,000
CG-47.....	125,000,000
TAO.....	19,000,000
Post delivery.....	700,000
Escalation.....	136,700,000
Fiscal year 1983:	
CVN.....	293,100,000
Escalation.....	28,300,000
Fiscal year 1985:	
Trident.....	48,800,000
CG-47.....	157,500,000
MCM.....	80,600,000
LSD-41.....	12,900,000
TACS.....	8,500,000
TAO.....	53,100,000
TAGS.....	28,300,000
Post delivery.....	6,400,000

BILL LANGUAGE

FFG-7 funding.—New bill language is included to formally complete a funding transfer intended in the fiscal year 1984 appropriations act. A total of \$40,000,000 was to be made available for the fiscal year 1984 FFG-7 frigate program, but language contained in the fiscal year 1983 act restricted funds for an X-band phased array radar system. Proposed bill language completes the accounting transfer intended by removing the legislative restriction.

Aegis weapon system competition.—Committee recommends deletion of House bill language which prohibits obligation of funds for CG-47 cruiser or DDG-51 destroyer programs until selected components of the Aegis weapon system are competitively selected. Appropriations language enacted last year directed the establishment of second sources for the Aegis weapon system. A Navy plan has been developed to proceed with second sourcing as directed. But enactment of the House language would delay construction of cruisers and destroyers up to 2 years due to the requirements for qualification testing.

Alternatively, the Committee proposes bill language to expand the scope of the Navy plan through continued development of competitively selected sources for all elements of the Aegis system rather than just the specified components enumerated by the House. Furthermore, the direction expedites the qualifications process and requires clear specifications to facilitate maximum participation in the competitive process. The recommended language directs the expansion of competition desired by the House and permits the orderly construction of vessels.

OTHER PROCUREMENT, NAVY

1985 appropriation	\$5,341,614,000
1986 budget estimate	6,601,200,000
House allowance	5,682,694,000
Committee recommendation	6,463,560,000

The Committee recommends an appropriation of \$6,463,560,000, a decrease of \$137,640,000 below the President's budget and \$780,866,000 more than the House allowance.

This appropriation finances the procurement of major equipment and weapons other than ships, aircraft, missiles, torpedoes, and guns. Equipments range from the latest electronic sensors for updating of naval forces to trucks, training equipment, and spare parts.

COMMITTEE RECOMMENDED PROGRAM

The following table summarizes the Committee recommended program by major budget activity. Details of recommended adjustments are discussed in the subsequent section.

[In thousands of dollars]

Program	1986 Budget request	Committee recommen- dation	Change from budget
Ship support equipment	922,957	898,619	- 24,338
Communications and electronics equipment	2,153,996	2,063,327	- 90,669
Aviation support equipment	1,184,018	1,204,600	+ 20,582
Ordnance support equipment	1,396,511	1,349,058	- 47,453
Civil engineering support equipment	221,558	232,558	+ 11,000
Supply support equipment	62,495	58,917	- 3,578
Personnel/command support equipment	379,827	478,343	+ 98,516
Spares and repair parts	279,838	279,838	
Noncentrally managed items		125,300	+ 125,300
Fiscal year 1986 inflation reestimate		- 6,000	- 6,000
Prior year inflation savings		- 168,000	- 168,000
Prior year program savings		- 53,000	- 53,000

Authorization reduction.—The Committee incorporated House reductions based on authorization assumption for a decrease of \$16,500,000 from practice bombs and \$4,000,000 from funds budgeted for Navstar GPS receivers.

RESTORED HOUSE REDUCTIONS

The Committee recommends restoring the following reductions proposed by the House to the level currently requested by the Department:

	Budget request	House recommendation	Committee recommendation
AN/SSQ-53 (DIFAR)	\$142,954,000	\$129,154,000	\$142,954,000
AN/SSQ-77 (VLAD)	82,104,000	59,404,000	82,104,000
Laser guided bomb kit	22,150,000		22,150,000
Acft rearming equip	78,995,000	46,995,000	56,995,000
Misc survival equip	17,705,000	16,817,000	17,705,000
Quickstrike mine	50,482,000		35,679,000
Diving and salvage equipment	8,250,000	7,471,000	8,250,000
SPS-67 radar	9,207,000	6,138,000	9,207,000
Shipboard communications	15,967,000	11,367,000	15,967,000
Aircraft rearming equipment	79,000,000	46,200,000	79,000,000
Undistributed reduction		- 495,000,000	
Transfer		(35,679,000)	

COMMITTEE RECOMMENDED ADJUSTMENTS

The following program adjustments recommended by the Committee are in agreement with the House based on General Accounting Office audit data, contract savings or program slippages.

	Budget request	Committee recommendation	Compared to budget
Carrier navigation system.....	\$9,500,000		\$9,500,000
Detection and tracking system.....	13,100,000	\$10,700,000	- 2,400,000
BQQ-5 ship sonar.....	101,000,000	99,300,000	- 1,800,000
Submarine advanced combat system IMA equipment.....	2,800,000		- 2,800,000
Intelligence support equipment.....	56,900,000	53,021,000	- 3,884,000
Automatic carrier landing system.....	9,200,000		- 9,200,000
SLQ-32 radar warning receivers.....	102,400,000	97,300,000	- 5,000,000
Joint Air Reconnaissance Control Center....	49,325,000	16,865,000	- 32,460,000
SATCOM ship terminals.....	46,200,000	42,700,000	- 3,500,000
Catapults and arresting gear.....	27,500,000	26,100,000	- 1,400,000
Submarine life support.....	13,400,000		- 13,400,000
GATOR mine.....	44,662,000		- 44,662,000
16-inch gun ammo.....	7,940,000	2,400,000	- 5,000,000
Communications and electronic equipment—general.....	26,700,000	6,200,000	- 20,500,000
Inflation adjustment.....		6,000,000	- 6,000,000
Microwave landing system.....	7,355,000		- 7,355,000
Special purpose supply systems.....	34,900,000	31,322,000	- 3,578,000

SHIP SUPPORT EQUIPMENT

Other propellers and shafts.—The Committee recommends a reduction of \$1,000,000 since fiscal year 1985 savings for CG-47 cruiser propeller blade sets are available to offset current year funding required.

COMMUNICATIONS AND ELECTRONICS EQUIPMENT

SQR-18 sonars.—A reduction of \$10,800,000 is recommended to defer funding of two SQR-18 tactical towed array sonars. Current test articles are still in development, therefore, production is premature until after the system has been approved for service use.

Space surveillance system.—The Committee recommends deletion of \$3,100,000 budgeted for space surveillance system upgrades which would duplicate current Air Force capability available through space tracking stations.

Shipboard HF communications.—An allowance of \$5,000,000 is recommended, a reduction of \$8,600,000 from the request for shipboard communications. The budget plan is to purchase additional HF radios which will be replaced over the next 3 years. Appropriated funds are adequate to replace obsolete radios.

COMSEC equipment.—An increase of \$10,000,000 is recommended to provide additional COMSEC equipment (KG-84) as described earlier in the procurement section.

CORT upgrade.—The Committee agrees with the House that the Navy should proceed with the incorporation of the MK 92 CORT upgrade in accordance with the Navy plan. Concurrent with the FFG-61 procurement, the Navy should proceed with the contract option for six backfit alterations valued at a warrantied fixed price of \$9,000,000 per unit. Funds appropriated for this section are adequate to initiate the program.

AN-BLD/1 microwave intercept receivers.—The Committee recommends agreement with the House allowance of an unbudgeted add of \$11,800,000 for this microwave intercept and direction-finding system. Used on SSN-688 class submarines, the AN-BLD/1 over-the-horizon radar system is designed to match the long-range capability of the Harpoon and Tomahawk cruise missiles. The Committee notes that four of these systems are budgeted in fiscal year 1986 for installation on new vessels. Funding for additional systems, however, will permit the most economic production rate and it will ensure that existing submarines are likewise modified. This \$11,800,000 funding increase is fully authorized.

AVIATION SUPPORT EQUIPMENT

The Committee recommends reductions totaling \$70,654,000 based on the GAO audit of the fiscal year 1986 Conventional Ammunition Program. The details of this reduction appear in the following table. Footnotes provide the rationale for each adjustment.

[In thousands of dollars]

Program	1986 Budget request	Committee recommen- dation	Change from budget
Machine gun ammo	27,042	13,800	¹ - 13,242
Airborne expendable countermeasures	91,688	82,588	² - 9,100
JATO's	15,550	11,900	³ - 3,650
GATOR mine	44,662		⁴ - 44,662

¹ Technical problems.

² Delivery problems.

³ Production line shutdown.

⁴ FMV-140B fuze still in testing.

War reserve munitions.—The Committee recommends an additional \$100,000,000 for aviation and regular ordnance war reserve munitions as an offset to the various fact-of-life adjustments recommended above. This additional funding will restore the ammunition program to the authorized program.

The Committee has no objection to the use of some of these funds for the procurement of GATOR mines when and if the Navy can demonstrate that it has an acceptable fuze ready for production.

The Navy is directed to notify the Committees on Appropriations of the House and Senate of the proposed allocation of these funds before obligation. Maintenance of stable, cost-effective production rates without needlessly expanding the production base should be given prime consideration in the allocation process.

ORDNANCE SUPPORT EQUIPMENT

Point defense support equipment.—The Navy's request for \$43,842,000 includes \$32,000,000 for rolling airframe missile launchers. As discussed earlier, all procurement funds for the rolling airframe missile have been deleted. Accordingly, the Committee recommends the deferral of all procurement funds for the launcher.

Other ammunition adjustments.—The Committee recommends reductions totaling \$23,043,000 based on the GAO audit of the fiscal year 1986 conventional ammunition program. The details of this reduction appear in the following table. Footnotes provide the rationale for each adjustment.

[In thousands of dollars]

Program	1986 Budget request	Committee recommen- dation	Change from budget
16-inch gun ammo	7,940	2,900	¹ - 5,000
76 mm gun ammo	17,343		² - 17,343
Other ship gun ammo	18,445	17,745	¹ - 700

¹Overstated unit costs

²Overbudgeted for requirements

CIVIL ENGINEERING SUPPORT EQUIPMENT

Civil engineer support and communications equipment for naval construction force.—The Committee recommends \$11,000,000 be added to procure civil engineering support equipment for the active naval construction force. This addition will offset the impact of the establishment of the 9th Naval Mobile Construction Battalion in fiscal year 1985, and allow continuation of the ongoing replacement program. Also the Committee recommends an additional \$2,000,000 for communications and electronic equipment for the 9th Naval Mobile Construction Battalion.

Oceanographic support equipment.—The Committee recommends the addition of \$14,000,000 is to be used for oceanography support equipment such as gravity, meters, acoustic buoy recorders/readout equipment and an underwater television.

SUPPLY SUPPORT EQUIPMENT

Medical readiness.—The Committee recommends \$105,623,000 for medical readiness, an increase of \$88,400,000 to the budgeted program. Additional funds are to be applied to the procurement of four additional 500 bed fleet hospitals. Details of the Committee's initiative to enhance medical readiness are contained in the title II section of the report.

OTHER

Noncentrally managed items.—The Committee recommends an allowance of \$125,300,000 in accordance with the authorizing legislation which directed that purchases of noncentrally managed items with cost over \$5,000 be procurement funded rather than O&M funded as proposed by the Department. Items costing less than \$5,000 may be purchased with operating funds. A corresponding reduction has been recommended in the Navy O&M accounts.

COASTAL DEFENSE AUGMENTATION

1985 appropriation	
1986 budget estimate	
House allowance	
Committee recommendation	\$375,000,000

The Committee recommends an appropriation of \$375,000,000 to establish a new account for procurement of equipment and systems to augment the Coast Guard's inventory of objective for wartime material.

Last year the Navy and Coast Guard formally established mission requirements and taskings to be assumed by the Coast Guard during a national emergency. A comprehensive review was undertaken to evaluate the current Coast Guard capability to accomplish the wartime missions assigned. This review disclosed several deficiencies due to Coast Guard equipment shortages.

To supply the Coast Guard with mission essential equipment, supplementary to other appropriations, the "Coastal defense augmentation" account is recommend. For fiscal year 1986 the Committee has identified \$375,000,000 for initial procurement and modernization of equipment. In the future, the Navy should budget for modifications to Coast Guard vessels, aircraft, and other equipment through this appropriation account rather than the other procurement account. Recommended bill language makes the appropriated funds available to the Navy to procure the material. Upon completion, the assets should be made available to the Coast Guard for operation and maintenance responsibilities. The following list prescribes the items to be procured by the Navy.

Program	Quantity	Amount
Medium range recovery helicopter	3	\$41,000,000
Bouy tender service life extension	5	70,000,000
C-130 aircraft	4	72,000,000
140 foot icebreaking tug	1	20,000,000
Forward looking airborne radar/C-130 modification	27	60,000,000
110 foot patrol boats to replace 95 foot PB's	16	112,000,000

PROCUREMENT, MARINE CORPS

1985 appropriation	\$1,836,722,000
1986 budget estimate	1,726,800,000
House allowance	1,610,749,000
Committee recommendation	1,689,982,000

The Committee recommends an appropriation of \$1,689,982,000, a decrease of \$36,818,000 below the President's budget and \$79,233,000 more than the House allowance.

This appropriation provides the Marine Corps with funds for the procurement, delivery, and modification of missiles, armament, ammunition, communication equipment, tracked and wheeled vehicles, and various support equipment.

COMMITTEE RECOMMENDED PROGRAM

Committee recommendations, summarized by budget activity, provide for the following program for fiscal year 1986:

[In thousands of dollars]

Program	1986 Budget request	Committee recommen- dation	Change from budget
Ammunition	488,918	513,918	+ 25,000
Weapons and combat vehicles	102,149	102,801	+ 652
Guided missiles	283,668	273,668	- 10,000
Communications and electronics	316,643	289,393	- 27,250
Support vehicles	293,813	291,893	- 1,920
Engineering and other equipment	185,476	182,476	- 3,000
Spares and repair parts	56,133	56,133	
Noncentrally managed items		9,700	+ 9,700
Fiscal year 1986 inflation reestimate		- 2,000	- 2,000
Prior year program savings		- 28,000	- 28,000

RESTORED HOUSE REDUCTIONS

The Committee recommends restoring the following reductions proposed by the House to the level currently requested by the Department:

	Budget request	House recommendation	Committee recommendation
Copperhead	\$52,100,000	\$45,400,000	\$52,100,000
M-60 mine plow	4,430,000		4,430,000
Commercial cargo vehicles	21,121,000	20,121,000	21,121,000
Inflation premium, fiscal year 1986		- 37,400,000	
Fiscal year 1985 inflation fairness adjustment		- 31,000,000	

COMMITTEE RECOMMENDED ADJUSTMENTS

81 mm high explosive mortar ammunition.—The Committee agrees with the House initiative to provide ammunition for the 50 new improved 81 mm mortars purchased under the Light Armored Vehicle Program. The Committee does not agree that all of the \$20,306,000 requested and recommended must be spent on new 1-81 mm ammunition at the expense of supporting the inventory of older 81 mm mortars which cannot fire the new improved rounds.

War reserve munitions.—The Committee recommends an additional \$25,000,000 for war reserve munitions in agreement with the House. This additional funding will restore the ammunition program to its authorized level.

The Marine Corps is directed to notify the Committees on Appropriations of the Senate and House of the proposed allocation of these funds before obligation. Maintenance of stable, cost-effective production rates without needlessly expanding the production base should be given prime consideration in the allocation process.

M-198 towed Howitzer.—The Marines requested \$21,001,000 for 35

M-198 Howitzers. That amount was increased by \$7,000,000 and 12 additional Howitzers in authorization. The Committee recommends the full amount authorized in agreement with the House.

Squad automatic weapon [SAW].—The Army, the executive agent for this program, advised that it has canceled its multiyear procurement of the M-249 squad automatic weapon due to design problems. No new 1986 funding is recommended for either the Marine Corps or the Army. The \$3,292,000 request is denied. If an executable program becomes available to the Marines, the Committee will consider a reprogramming request.

The \$3,056,000 provided last year is transferred forward for application to the overall 1986 Marine procurement program.

TOW-II missile.—The Marines requested \$44,505,000 for 4,782 TOW-II missiles. As discussed under Missile Procurement, Army, the Committee recommends a reduction of \$10,000,000 and 1,082 missiles to keep the combined Army/USMC 1986 program within production capacities.

Unit level circuit switch.—The Marines requested \$18,600,000 for procurement of the unit level circuit switch [ULCS] and another \$17,053,000 for life cycle support for the ULCS.

The life cycle support funds establish the logistics and training base for the AN/TTC-42 (150-line) switch and the SB-3865 (30-line) small unit switchboard which comprise the unit level circuit switches.

The Committee recommends the requested amount for the SB-3865 switchboard, a total of \$19,403,000. The House has allowed \$19,600,000 in program funding.

The Committee has reviewed both the testing history and the acquisition strategy for the AN/TTC-42 proposed by the Department. It finds both to be disturbing. The independent evaluation report by the Marines Corps operational testing and evaluation activity did not recommend production of the AN/TTC-42. Nonetheless, approval for low rate initial production was granted. Whereupon production of the AN/TTC-42 is scheduled to increase to the maximum rate of three per month within the first 6 months.

The Committee notes that recent experience with systems such as the Army's DIVAD gun do not support entering production, let alone rate production, without complete and adequate test results. Recent statements by senior Department of Defense officials also reinforce this perspective. On this basis, the Committee believes initiation of rate production of the AN/TTC-42 is premature.

With respect to the proposed acquisition strategy, the Committee notes that over 50 percent of the USMC and USAF programs will have been placed on contract before the required initial production testing and first article testing of the AN/TTC-42 are complete. Moreover, in accordance with the DOD Authorization Act none of the fiscal year 1986 and subsequent funds except for first article test costs may be expended until those test results are reported to Congress. For any procurement program, such a funding approach is highly questionable. The

Committee is not persuaded on the basis of need or technical merit that there is justification for such an unusual funding profile in this or any program.

In addition, under the Competition in Contracting Act of 1984, a second competitive proposal was submitted in response to the ULCS request for proposal. Information provided to the Committee, combined with other developments in the Army's MSE Program, suggests that a careful review of the alternative proposal is necessary before a contract is awarded for ULCS production.

Accordingly, the Committee recommends no fiscal year 1986 procurement funds for the AN/TTC-42 for the Marine Corps, Army, or Air Force. Marine Corps reductions of \$6,650,000 and \$9,600,000 are made in the production and life cycle support lines respectively. These include an offsetting reduction of \$3,600,000 for fiscal year 1985 funds budgeted and unobligated for the AN/TTC-42 which can be applied to the approved SB-3865 program.

As noted in the R&D section of the report, continued development of the AN/TTC-42 is not recommended. Consequently, the Department of Defense is directed to review this entire small unit circuit switch program and submit a more rational program to the Congress.

Tactical air operations module.—The Committee recommends a reduction of \$11,000,000 down to the authorized funding level of \$75,300,000.

Logistics vehicle system.—The House deleted \$1,920,000 from the request of \$71,440,000. The Committee recommends an allowance of \$69,520,000 which the Marine Corps advises is their current requirement.

Tractors (all types).—The Committee recommends a reduction of \$3,000,000 to the request of \$20,560,000 in anticipation of 1986 contract savings.

Noncentrally managed items.—The Committee recommends an allowance of \$9,700,000 in accordance with the authorizing legislation which directed that purchases of noncentrally managed items with cost over \$5,000 be procurement funded rather than O&M funded as proposed by the Department. Items costing less than \$5,000 may be purchased with operating funds. A corresponding reduction has been recommended in the Marine Corps O&M accounts.

AIRCRAFT PROCUREMENT, AIR FORCE

1985 appropriation	\$26,188,266,000
1986 budget estimate	26,165,500,000
House allowance	20,722,700,000
Committee recommendation	24,142,651,000

The Committee recommends an appropriation of \$24,142,651,000, a decrease of \$2,022,849,000 from the President's budget and \$3,419,951,000 more than the House allowance. In addition, a transfer of \$648,000,000 from prior year appropriations is recommended compared to \$1,458,000,000 proposed by the House.

This appropriation finances the construction, procurement, modernization, and modification of aircraft and equipment, including armor and armament, specialized ground-handling equipment, and flight training simulators, spare parts, and accessories; specialized equipment; and expansion of public and private plants, Government-owned equipment, and installation.

[In thousands of dollars]

	1988 budget		House amount	Senate amount		Senate compared to budget		Senate compared to House	
	Qty.	Amount		Qty.	Amount	Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
AIRCRAFT PROCUREMENT, AIR FORCE									
COMBAT AIRCRAFT									
STRATEGIC OFFENSIVE									
ACH INTEGRATION.....	--	122,800	100,000	100,000	--	-22,800	--	--	--
B-1B (MYP).....	48	5,461,800	4,861,800	5,261,800	--	-200,000	--	--	+400,000
(PY TRANSFER).....	--	--	(300,000)	--	--	--	--	--	(-300,000)
TACTICAL FORCES									
F-15 C/D/E.....	48	1,902,900	1,757,300	1,757,300	--	-145,600	--	--	--
F-15 C/D/E (PY TRANSFER).....	--	--	(2,300)	--	--	--	--	--	(-2,300)
F-15 C/D/E (AP-CY).....	--	236,000	210,000	210,000	--	-26,000	--	--	--
F-16 C/D (MYP).....	180	2,836,700	2,485,100	2,583,500	--	-253,200	--	--	+98,400
F-16 C/D (MYP) (PY TRANSFER).....	--	--	(66,300)	--	--	--	--	--	(-66,300)
F-16 C/D (MYP) (AP-CY).....	--	553,100	553,100	535,700	--	-17,400	--	--	-17,400
AIR DEFENSE COMPETITION.....	--	--	200,000	200,000	--	+200,000	--	--	--
OTHER COMBAT AIRCRAFT									
KC-10A (ATCA) (MYP).....	12	238,800	191,300	198,800	--	-40,000	--	--	+7,500
KC-10A (ATCA) (MYP) (PY TRANSFER).....	--	--	(18,600)	--	--	--	--	--	(-18,600)
KC-10A (ATCA) (MYP) (AP-CY).....	--	208,200	184,500	208,200	--	--	--	--	+23,700
FY 85 TRANSFER.....	--	--	--	(18,600)	--	(+18,600)	--	--	(+18,600)

[In thousands of dollars]

	1966 budget		House amount	Senate compared to budget		Senate compared to House
	Qty. (1)	Amount (2)	(3)	Qty. (5)	Amount (6)	Qty. (7) Amount (8)
TRAINER AIRCRAFT						
UPT TRAINERS						
T-46A (NGT).....	33	142,800	125,300	--	-142,800	-- -125,300
(PY TRANSFER).....	--	--	(5,300)	--	(+125,300)	-- (+120,000)
T-46A (NGT) (AP-CY).....	--	63,300	63,300	--	-63,300	-- -63,300
(PY TRANSFER).....	--	--	--	--	(+63,300)	-- (+63,300)
TOTAL, TRAINER AIRCRAFT		206,100	188,600		-206,100	-188,600
OTHER AIRCRAFT						
HELICOPTERS						
HH-60.....	3	94,000	93,400	--	-71,000	-- -70,400
HH-60 (AP-CY).....	--	22,000	12,000	--	-10,000	-- --
MISSION SUPPORT AIRCRAFT						
AF ONE REPLACEMENT (PY TRANSFER).....	--	--	--	--	(+280,000)	-- (+280,000)
AEROSTAT REPLACEMENT.....	--	--	4,500	--	+4,500	-- +4,500
AURORA.....	--	80,100	--	--	-80,100	-- --
TR-1/U-2.....	8	343,900	300,200	-2	-53,244	-- -9,544
TR-1/U-2 (AP-CY).....	--	--	9,000	--	+9,000	-- --
TOTAL, OTHER AIRCRAFT		540,000	414,600		-200,844	-75,444

[in thousands of dollars]

	1986 budget		House amount (3)	Senate amount (4)	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)			Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
MODIFICATION OF IN-SERVICE AIRCRAFT								
STRATEGIC AIRCRAFT								
B-52.....	--	463,600	416,500	459,500	--	-4,100	--	+43,000
B-52 (PY TRANSFER).....	--	---	(8,000)	---	--	---	--	(-8,000)
FB-111.....	--	13,200	13,200	13,200	--	---	--	---
B-1B.....	--	5,100	---	---	--	-5,100	--	---
TACTICAL AIRCRAFT								
A-7.....	--	---	---	---	--	---	--	---
A-10.....	--	3,400	3,400	81,400	--	+78,000	--	+78,000
A-10 (PY TRANSFER).....	--	87,800	74,200	72,000	--	-15,800	--	-2,200
F/RX-4.....	--	---	(3,500)	---	--	---	--	(-3,500)
F/RX-4 (PY TRANSFER).....	--	174,200	168,200	194,300	--	+20,100	--	+26,100
F-5.....	--	---	(3,700)	---	--	---	--	(-3,700)
F-15.....	--	25,732	25,732	25,732	--	---	--	---
F-16.....	--	141,800	141,800	141,000	--	-800	--	-800
F-16 (PY TRANSFER).....	--	73,700	54,900	52,300	--	-21,400	--	-2,600
F-111.....	--	---	(9,400)	---	--	---	--	(-9,400)
TR-1A.....	--	294,500	294,500	294,500	--	---	--	---
	--	11,700	11,700	11,700	--	---	--	---
AIRLIFT AIRCRAFT								
C-5.....	--	9,800	9,800	9,800	--	---	--	---
C-141.....	--	2,100	2,100	2,100	--	---	--	---

[In thousands of dollars]

	1986 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)	(3)	(4)	Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
TRAINER AIRCRAFT								
T-38.....	--	40,100	26,400	36,200	--	-3,900	--	+9,800
OTHER AIRCRAFT								
KC-10A (ATCA).....	--	4,300	1,000	1,000	--	-3,300	--	--
C-12.....	--	5,000	5,000	5,000	--	--	--	--
C-130.....	--	201,000	201,300	191,000	--	-10,000	--	-10,300
C-130 (PY TRANSFER).....	--	--	(8,800)	--	--	--	--	(-8,800)
C-135.....	--	868,100	852,500	852,500	--	-15,600	--	--
E-3.....	--	33,400	33,400	33,400	--	--	--	--
E-4.....	--	20,400	20,100	20,100	--	-300	--	--
HH-53 AIRCRAFT.....	--	26,400	76,400	51,400	--	+25,000	--	-25,000
OTHER AIRCRAFT.....	--	133,200	133,200	133,200	--	--	--	--
ACP COMM. UPGRADE.....	--	--	--	50,000	--	+50,000	--	+50,000
OTHER MODIFICATIONS								
CLASSIFIED PROJECTS.....	--	114,385	112,385	112,385	--	-2,000	--	--
CIVIL RESERVE AIRLIFT FLEET (CRAF)								
CIVIL RESERVE AIRLIFT FLEET (CRAF).....	--	164,900	164,900	158,800	--	-6,100	--	-6,100
BB-97 INTERDICTION AIRCRAFT.....	--	--	--	47,900	--	+47,900	--	+47,900

[In thousands of dollars]

	1966 budget		House amount (3)	Senate amount (4)		Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)				Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
UNDISTRIBUTED REDUCTION.....	--	--	-150,000	--	--	--	--	--	+150,000
TOTAL, MODIFICATION OF IN-SERVICE AIRCRAFT.....		2,917,817	2,692,617	3,050,417			+132,600		+357,800
SPARES AND REPAIR PARTS.....	--	4,934,581	3,412,281	4,560,181		--	-374,400	--	+1,147,900
AIRCRAFT SUPPORT EQUIPMENT AND FACILITIES									
COMMON GROUND EQUIPMENT.....	--	630,997	506,297	630,997		--	--	--	+124,700
COMMON GROUND EQUIPMENT (PY TRANSFER).....	--	--	(50,000)	--		--	--	--	(-50,000)
INDUSTRIAL RESPONSIVENESS.....	--	89,200	40,800	74,200		--	-15,000	--	+33,400
WAR CONSUMABLES.....	--	86,400	86,400	86,400		--	--	--	--
OTHER PRODUCTION CHARGES.....	--	2,683,705	2,354,205	2,161,600		--	-522,105	--	-192,605
TOTAL, AIRCRAFT SUPPORT EQUIPMENT AND FACILITIES....		3,490,302	2,987,702	2,953,197			-537,105		-34,505
ALR-74 RAR.....	--	--	--	--		--	--	--	--
ALR-74 RAR (PY TRANSFER).....	--	--	-320,800	--		--	--	--	+320,800
ENVIRONMENTAL FUND TRANSFER.....	--	--	(167,800)	--		--	--	--	(-167,800)
INFLATION REESTIMATES FOR FY86.....	--	--	--	-10,600		--	-10,600	--	-10,600
INFLATION PREMIUM, FY86.....	--	--	-32,000	-32,000		--	-32,000	--	--
	--	--	-549,100	--		--	--	--	+549,100

[In thousands of dollars]

	1986 budget		House amount (3)	Senate amount (4)		Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)				Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
PRIOR YEAR PROGRAM SAVINGS.....	--	--	-406,000	--	--	--	--	--	+406,000
(PY TRANSFER).....	--	--	(406,000)	--	--	--	--	--	(-406,000)
FY85 INFLATION FAIRNESS ADJUSTMENT.....	--	--	-323,000	--	--	--	--	--	+323,000
(PY TRANSFER).....	--	--	(323,000)	--	--	--	--	--	(-323,000)
TOTAL, AIRCRAFT PROCUREMENT, AIR FORCE.....		26,165,500	20,722,700	24,142,651			-2,022,849		+3,419,951
TRANSFER FROM OTHER ACCOUNTS.....		--	(1,458,300)	(648,000)			(+648,000)		(-810,300)
TOTAL FUNDING AVAILABLE.....		26,165,500	22,181,000	24,790,651			-1,374,849		+2,609,651

COMMITTEE RECOMMENDED ADJUSTMENTS

B-1B BOMBER

The Committee recommends an appropriation of \$5,261,800,000, a reduction of \$200,000,000 from the request, for production of 48 B-1B bomber aircraft. The House recommended a reduction of \$600,000,000 and a transfer of \$300,000,000 from prior year appropriations for the B-1 program.

This is the last funding year to complete the 100 B-1B force level objective. The proposed reduction, and the House recommendation, are based on recently concluded contract negotiations for all elements of the multiyear program. If target costs are achieved, the potential savings are substantial. While the Committee is optimistic that further savings will materialize, it is premature to estimate the magnitude when only 3 of the 100 aircraft have delivered.

Current projections indicate the Air Force has effectively managed B-1 costs well within the \$20,500,000,000 objective. To retain the anticipated savings, the Air Force may not reprogram funds from the B-1 program either below threshold or through a formal reprogramming request to the Committees. The Air Force is expected to provide a B-1 accounting status report to the Committee by April 15, 1986, which defines current target costs for the multiyear contract elements and reserves available.

F-15 EAGLE

An allowance of \$1,757,300,000 is recommended for 48 F-15 fighter aircraft requested and advance procurement funding of \$210,000,000. In agreement with the House, the proposed funding level is \$145,600,000 below the budget for current year production and a \$26,000,000 reduction to the advance funding request. This allowance approves the Air Force plan to procure the last 40 F-15C/D configured aircraft and the first 8 F-15E dual role fighter aircraft which will constitute the future F-15 production line exclusively. Savings are attained through reduced costs for the airframe contract identified by authorization, AMRAAM missile launcher cost decreases, contract actuals for engines, and support equipment price reductions.

F-16 FALCON

The Committee recommends an appropriation of \$2,583,500,000 for procurement of 180 F-16 aircraft, a reduction of \$253,200,000 from the budget request. Advance procurement funding of \$535,700,000 is proposed, a decrease of \$17,400,000. The advance funding level provides for long lead material, economic order quantity contracts and termination liability coverage should a multiyear contract be attainable. The total House allowance is \$31,100,000 below the Committee recommendation, but the House applied \$66,300,000 of prior year funding to offset new appropriations. These prior year savings are applied elsewhere in the Committee recommendations.

Multiyear authority.—The Committee also recommends bill language to delay the planned F-16 multiyear contract extension until after the Air Force has selected an aircraft type for the air defense mission. The competition for some 300 air defense aircraft as prescribed by the authorization act is discussed following this section. Concurrent with the competition, Air Force also plans to proceed with a multiyear contract for 720 F-16 aircraft. The Committee feels it would be premature to execute a multiyear contract while the potential exists that the quantity of F-16 aircraft to be procured could decrease below the negotiated multiyear level. One of the principle guidelines for multiyear contracts is production rate stability. Therefore, the Air Force should determine the quantity of F-16 aircraft to be procured under a multiyear contract after the air defense aircraft competition is concluded.

Pricing adjustments.—The recommended reduction of \$253,200,000 is based on several program and pricing factors. Current Air Force plans defer procurement of the airborne self protection jammer [ASPJ] system and program financing has been restructured. Air Force accounting data reveals \$176,000,000 to be excess to the current procurement plan. A \$53,400,000 reduction in the initial spares line item also reflects the effect of program deferral.

In addition, the Air Force has significantly revised its plans to install the ALR-74 radar warning receiver line replaceable units. The budget plan was predicated on aircraft installations beginning in June 1986. A General Accounting Office audit prepared for the Committee reveals that the Air Force has slipped the ALR-74 installation plan to December 1988 due to operational testing problems. A reduction of \$30,200,000 to the program funding line item and a decrease of \$17,400,000 in advance funding results from the program slippage. Prior year program funding has also been affected by the program restructuring. Consequently, \$56,900,000 from fiscal year 1984 and \$34,100,000 from fiscal year 1985 are recommended for transfer and applied to finance other programs in this account.

The GAO audit also documented a \$47,000,000 engine contract savings which has been deducted from the program request. An \$18,400,000 decrease is reflected in the initial spares line item based on the contract pricing data.

AIR DEFENSE AIRCRAFT COMPETITION

The Committee recommends an appropriation of \$200,000,000 in agreement with the House to initiate the air defense aircraft competition. The authorization act mandates the establishment of a competition in fiscal year 1986 among all suitable aircraft for air defense missions. The Air Force has drafted a plan to conduct the competition this fiscal year and initiate production for 318 aircraft beginning in fiscal year 1987. The Committee's concurrence in the House funding level is an expression of support for acceleration of the competition plan.

Procurement strategy.—The bid solicitation methodology proposed by the Air Force would request priced offers for a fixed production rate to

procure 318 aircraft. This strategy may prove to be the most cost effective, yet the potential also exists that the one time competition may foreclose further savings potential. The Committee feels that the scope of the methodology should be expanded to request priced offers for production rate variations to include annual priced options as well as multiyear type offers. This will maximize the Government's advantage to select the lowest cost proposal variation offered.

Suitable aircraft.—A series of unsolicited proposals earlier this year sparked congressional interest to explore competitive fighter aircraft procurement alternatives. Clearly, the industry is motivated to respond. The Air Force should encourage all producers of aircraft suitable for the air defense mission to participate in the competition. This should include the proposed F-4 upgrade and other aircraft as well as the F-20 and F-16 aircraft. Proposal evaluations should weigh operational requirements against the maximum advantages contained within each aircraft type offered, to include life cycle cost, survivability, range, payload capacity, and warranties.

Section 142 of the authorization act defines the legal parameters under which the competition should be conducted. Consequently, duplicative House bill language is deleted.

KC-10 EXTENDER AIRCRAFT

An allowance of \$198,800,000 is recommended for procurement of 12 KC-10 tanker/airlift aircraft. This is \$40,000,000 below the budget request and \$7,500,000 above the House allowance. New appropriations of \$208,200,000 in agreement with the request and a transfer of \$18,600,000 are recommended for advance funding. This is \$23,700,000 below the House allowance. Savings are afforded due to lower inflation in prior years.

The House applied savings to offset new appropriations. This allowance retains a portion of prior year funds within the advance procurement line for the Air Force to consider potential expansion of the production line in fiscal year 1987 for strategic refueling tankers. A Congressional Budget Office report released in September found the KC-10 to be a cost-efficient alternative for long-range strategic refueling missions. The Air Force should lend careful consideration to this alternative as it develops the budget request. If this option is not selected, the Committee intends to apply the retained savings to subsequent appropriations bills.

MC-130H COMBAT TALON

In agreement with the House, the Committee recommends \$55,000,000 for procurement of one MC-130H aircraft and advance funding of \$5,900,000. The reduction of \$18,600,000 is based on authorization limitations.

C-5B GALAXY AIRLIFTER

An appropriation of \$1,840,100,000 is recommended for the acquisition of 16 C-5B airlift aircraft, a reduction of \$102,000,000 from the budget request and \$752,200,000 above the House allowance. Advance procurement funding of \$326,000,000 is provided at the requested level to support procurement of 21 aircraft in fiscal year 1987. This is \$14,100,000 above the House. The House also transferred \$85,600,000 from prior year appropriations.

Funding levels recommended conform to the authorization assumptions and fully supports the airlift modernization plan devised by the Congress and the executive branch to procure a total of 50 C-5B airlift aircraft. In addition, the Committee requests that the Secretary of Defense examine various approaches to the procurement of airlift aircraft with the objective of increasing competition. These alternatives and the Secretary's recommendations should be submitted to the Appropriations Committees along with the submission of the fiscal year 1987 budget.

C-20A SPECIAL MISSION AIRCRAFT

The Committee recommends a transfer of \$160,800,000 for procurement of eight C-20A executive transport aircraft to be financed \$8,000,000 below the budget estimate and derived from prior year funding. This is a deletion of \$168,800,000 from the budget request and \$154,000,000 below the House allowance.

The recommended transfer is derived from fiscal year 1985 appropriations due to slippage of the F-16 airborne self protection jammer system and the ALR-74 warning receiver. The excess funding was originally identified as a portion of the Department's budget revision in May.

T-46A TRAINER

The Committee recommends a transfer of \$125,300,000 for 33 T-46A trainer aircraft and \$63,300,000 for advance procurement from funds appropriated in fiscal year 1985. The House approved the same funding level to be financed with new appropriations. The proposed transfer reflects engine contract savings and lower inflation projections compared to the budget estimate. The program funding transfers are summarized as follows:

Program	Fiscal year 1986 program	Advance procurement
KC-135R mods.....		\$36,400,000
T-46A engines.....		5,300,000
ALQ-131 pods.....	\$103,900,000	
Ground equipment.....	21,400,000	
Spares.....		21,600,000

HH-60 SEARCH AND RESCUE HELICOPTER

An allowance of \$23,000,000 is recommended to procure three austere configuration combat search and rescue helicopters. This is \$71,000,000 below the budget and \$70,400,000 below the House, but in agreement with the requested quantity. In addition, an appropriation of \$12,000,000 is provided for advance procurement, \$10,000,000 below the budget and the House.

The budget plan was based on production of new design helicopters to meet requirements for search and rescue missions. The Air Force considers the existing search and rescue helicopters to be inadequate to meet wartime contingencies as borne out by Vietnam war experiences. The Committee does not debate the need for replacement aircraft, but does question the prudence of a \$1,200,000,000 program to procure 90 helicopters at an average unit cost of over \$12,000,000. Compared to the existing fleet of HH-53 search and rescue helicopters which could be modified at a lower cost, the Air Force appears to be in pursuit of a replacement program which does not provide a margin of capability improvement commensurate with the added expense.

Alternatively, the Committee's recommendation endorses a replacement program with a design to cost objective of \$6,000,000 per unit. This is comparable to the Army's UH-60A aircraft configured for night operations. Similar aircraft have been procured for the Navy combat rescue squadron.

AIR FORCE ONE REPLACEMENT

The Committee recommends a transfer of \$280,000,000 from prior year appropriations for replacement of two aircraft designated for Air Force One missions. Proposed bill language specifies that the funds transferred may be obligated only for this purpose. An additional \$20,000,000 is provided in the R&D section for a classified development project associated with the new aircraft. The Department did not include a request for funding, but the House included bill language permitting obligation of \$35,000,000 to initiate the program. The House language is deleted as the amount recommended for transfer is intended to fully fund the program.

Air Force plan.—The Air Force recently accelerated its plans to replace the Presidential and backup aircraft. The replacement plan is an outgrowth of widely reported concerns over the aircraft communications, endurance, and support deficiencies. Unofficially, the Department has requested funding to initiate procurement in the current year in order to attain competitive price advantages. The Air Force is concerned that failure to initiate the program now will limit the Government's options due to scheduled closeout of a qualified aircraft production line. The Committee supports the proposed competitive procurement strategy and recommends funds be provided to accomplish this objective.

Design to cost.—Initial Air Force cost estimates were developed to accommodate the highest priced variations of the potential aircraft op-

tions. Furthermore, the proposal to provide a portion of appropriations required would constitute incremental funding. The Committee does not endorse the notion of highest contingency estimating nor is it compelled to grant an exemption to the established full funding policy. Therefore, the provision of \$280,000,000 procurement funds should be considered a design to cost objective for the total program. This is an incentive to minimize cost for each element of the program in order to maximize capability desired. Communication upgrades approved for special mission aircraft through reprogramming FY85-1 PA should be installed on the replacement aircraft. No further procurement funding will be considered by the Committee.

The Air Force should seek the approval of the Armed Services Committees before obligating these funds.

The following table summarizes the specific program funding levels intended for transfer.

Program	Fiscal year—	
	1984	1985
B-1		\$46,300,000
F-16 DOD revision		127,000,000
F-16/ALR-74	\$56,900,000	
F-16 inflation	14,500,000	
F-15		9,100,000
B-52 mods		8,000,000
Ground equipment		4,600,000
Spares		13,600,000

AEROSTAT RADAR SYSTEM

An allowance of \$4,500,000 is recommended to procure one aerostat radar system. The Air Force is directed to release its existing aerostat system to the U.S. Customs Service for drug interdiction and law enforcement programs.

TR-1/U-2 AIRCRAFT

The Committee recommends \$290,656,000 for procurement of six authorized TR-1/U-2 aircraft, a reduction of \$53,244,000 from the budget and \$9,544,000 below the House allowance. Details of the recommended funding level are contained in the classified annex to this report. The allowance of \$9,000,000 authorized for advance procurement concurs with the House position.

MODIFICATION OF IN-SERVICE AIRCRAFT

B-1 bomber.—The Committee agrees with the House to delete the \$5,100,000 budgeted for B-1B MILSTAR upgrade program circuit boards which should be accommodated within available production funds.

B-52 aircraft.—An allowance of \$459,500,000 is recommended for B-52 modifications, a reduction of \$4,100,000 from the request. The House reduced the request \$47,100,000, including an \$8,000,000 transfer of prior year funds. The Committee does not concur with the

\$35,000,000 general reduction recommended by the House. Prior year funds have been applied to the Air Force One replacement program. A \$4,100,000 reduction for ALCM modifications, is recommended based on the General Accounting Office finding that the amounts are excess to current funding required.

A-7.—The Committee recommends \$81,400,000, an increase of \$78,000,000 to modify 366 Air Guard A-7 aircraft with new ring laser gyro navigation systems, computers, and adaptive power supply. This accelerates the program currently planned for fiscal year 1987.

A-10.—An allowance of \$72,000,000 is recommended for A-10 modifications, a reduction of \$15,800,000 from the request. This agrees with the House reduction of \$13,600,000 as engine generator and chafe dispenser modifications have been canceled. The Committee allowance also incorporates a reduction of \$2,200,000 for turbine engine monitoring system support equipment which was procured last year.

F/RF-4.—The Committee recommends \$194,300,000 for the F/RF-4 modification program, and increase of \$20,100,000 over the budget level. The allowance includes an increase of \$92,000,000 for Guard and Reserve modifications to equip 210 F-4D specially configured aircraft with new inertial navigation systems, and 80 Reserve F-4E's with new heads up display units to improve air-to-ground mission accuracy. This increase accelerates the planned fiscal year 1987 program.

The recommendation also includes a reduction of \$71,900,000, of which \$65,900,000 is due to the deferral of the ALR-74 Radar Warning Receiver Program. The balance of \$6,000,000 concurs with House reductions for three minor modifications.

F-16.—The Committee recommends \$52,300,000 a reduction of \$21,400,000 from the F-16 modification program. This includes deferral of \$18,800,000 from the engine combustor swirler and improved durability modifications, in agreement with the House and a \$9,400,000 savings from fiscal year 1985. Additionally, the Committee recommends a reduction of \$2,600,000 due to slippage of the ALR-74 modification program.

T-38 trainers.—The Committee recommends \$36,200,000 for T-38 modifications, a reduction of \$3,900,000 from the request. The House proposed a reduction of \$13,700,000 to the T-38 trainer aircraft modification program, \$9,800,000 from the computer generated imagery simulator modification and \$3,900,000 from the T-5 amplifier relocater modification. The Committee agrees with the reduction for the T-5 amplifier relocater based on GAO findings that the Air Force reduced the funding estimate.

The Committee understands that two prototype computer generated imagery simulators will complete testing in fiscal year 1986. The Committee believes the budgeted procurement funds are necessary to replace the aging simulators for these trainer aircraft beginning in fiscal year 1986.

KC-10.—The Committee concurs in the House deletion of \$3,300,000, requested for KC-10 MILSTAR upgrade program circuit

boards which should be accommodated within available production funding.

C-130.—The Committee recommends \$191,000,000 for the C-130 program, a reduction of \$10,000,000 due to canceled or reduced SKE enhancement, flight data recorder, and Parkhill secure voice modifications. This reduction assumes application of \$8,800,000 in savings from fiscal years 1984 and 1985.

KC-135 reengining.—The Committee recommends \$852,500,000 in agreement with the House for the KC-135 reengining program. This is a reduction of \$15,600,000 to reflect contract savings.

Civil Reserve Air Fleet.—The Committee recommends \$158,800,000, a reduction of \$6,100,000 from the budget for the Civil Reserve Air Fleet modifications. The Committee understands the Air Force plans to change the conversion kits to decrease weight and costs for commercial aircraft modifications.

HH-53 helicopters.—The House added an authorized \$50,000,000 to the HH-53 search and rescue helicopter modification program. Based on analysis of program requirements, the Committee recommends an increase of \$25,000,000, for a total program of \$51,400,000 and believes this amount is sufficient to accomplish the program objectives.

Airborne command post communication upgrade.—The Committee recommends \$50,000,000 to accelerate modification of two airborne command post aircraft for upgraded communications to improve the minimum essential emergency communication network [MEECN] as described in the Navy aircraft and R&D sections of the report.

F-15.—The Committee recommends a \$800,000 reduction for the MK-XII IFF program, as the Air Force decreased the program after the fiscal year 1986 budget submission.

E-4.—The House reduced the E-4 modification program by \$300,000, as a result of contract savings. The Committee agrees with this action.

Drug interdiction aircraft.—An appropriation of \$47,900,000 is recommended for aircraft modifications to support drug interdiction units discussed in the forward to title II of this report.

ALR-74 RWR reduction summary.—The Air Force announced that, due to unsatisfactory operational testing and poor reliability and maintenance, the ALR-74 radar warning receiver would not be installed and alternatives are under consideration. Air Force accounting data indicate that some House reductions may be duplicative of the May budget revisions proposed by the Department of Defense. The following table summarizes the reductions proposed by the Committee and the House:

[In millions of dollars]

	Fiscal year—							
	1984		1985		1986		Total	
	House	Senate	House	Senate	House	Senate	House	Senate
F-16	27.1	56.9	34.1	34.1	47.6	47.6	108.8	138.6
F-4E retrofit	31.2		35.0		10.9	10.9	77.1	10.9
RF-4E retrofit	2.3		8.1		55.0	55.0	65.4	55.0
F-4 simulator					19.5		19.5	0.0
F-16 antenna			6.0		5.3		11.3	0.0
F-16A retrofit					2.6	2.6	2.6	2.6
Other production charges						1.0	0.0	1.0
Initial spares	12.0		12.0		12.1	12.1	36.1	12.1
Total reduction	72.6	56.9	95.2	34.1	153.0	129.2	320.8	220.2

Undistributed reduction.—The Committee does not concur in the undistributed reduction of \$150,000,000 implemented by the House against modification programs. Specific program adjustments have been recommended. Rationale for further reductions of an undistributed nature cannot be justified.

SPARES AND REPAIR PARTS

The Committee recommends an appropriation of \$4,560,181,000 for the procurement of initial, replenishment and war reserve spare and repair parts. This represents a reduction of \$374,000,000 to the budget request, but \$1,147,900,000 more than provided in the House allowance.

At considerable length, the House Committee raised serious questions as to the validity of the Air Force spare parts budget methodology. Growing evidence over the last 2 years has reinforced the notion that there is a fundamental imbalance between the system used to determine spare parts required and the methods employed to budget for spares. For many of the same reasons which have driven the House to its conclusions, the Committee finds that the Air Force requirements and budget processes bear little relationship to one another.

Appropriated funding for replenishment spares has increased from \$700,000,000 in 1980 to over \$3,900,000,000 in fiscal year 1985. In part, the budget growth was intended to redress prior year deficiencies and accurately reflect the cost of an operationally ready, proficient force. The Air Force has always maintained a system to estimate future requirements based on current spares consumption and demand patterns. But in fiscal year 1984, the Air Force adopted a budget forecasting technique which incorporates variables other than consumption rates. A General Accounting Office report prepared for the Committee documented that the budget is overstated by more than \$1,400,000,000 compared to the fiscal year 1986 requirements data.

While the Committee shares the House concerns, the Air Force should apply additional funds to eliminate stated shortages of war reserve stockage and increase inventory of peacetime supply. The fiscal year 1987 budget request should be adjusted to reflect these additional assets. Furthermore, the Committee directs that the Air Force abandon

its new forecasting technique and return to a budgeting system based on spare parts demand patterns. In view of the relative health of the spare funding level, the Committee directs that four APG-66 radars be provided to the U.S. Customs Service from within funds available.

The recommended allowance reflects an authorization decrease of \$250,000,000 to replenishment spares and \$124,400,000 initial spares reductions based on program adjustments summarized below.

<i>Initial spares</i>	<i>Change from budget</i>
F-16 ASPJ	- \$53,400,000
TR-1	- 600,000
MC-130	- 800,000
B-1 (F-101)	- 17,100,000
T-46 (F-109)	- 1,400,000
PLSS	- 13,400,000
KC-135R	- 20,400,000
ALQ-131	- 4,200,000
ALR-74	- 13,100,000

OTHER PRODUCTION CHARGES

The Committee recommends and appropriation of \$2,161,600,000 for other production charges, a reduction of \$522,100,000 from the budget request, and \$192,605,000 below the House allowance. This includes a \$251,500,000 reduction in classified projects and three other adjustments.

Position location strike system.—A reduction of \$43,000,000 is based on authorization assumptions. A concurrent decrease of \$13,400,000 to initial spares also reflects this action.

ALQ-131 electronic countermeasures.—A reduction of \$124,600,000 deletes all budgeted funding for the ALQ-131 ECM system. A General Accounting Office report released last month found that the program upgrade is behind schedule and the system block upgrades have not been operationally tested. Similarly, \$44,000,000 budgeted for the processor power management system has been deleted due to the program deferral. As the Defense Department has placed all ALQ-131 funding on hold pending resolution of these issues, the Committee recommends \$103,000,000 appropriated in fiscal year 1985 be transferred to offset T-46A financing as discussed earlier in the report. A reduction of \$4,200,000 to initial spares funding also reflects program deferral.

ALQ-119 Update/ALQ-184.—Based on Air Force documentation, the current plan defers procurement of 105 modification kits to fiscal year 1987 thereby permitting a reduction of \$59,000,000.

OTHER ADJUSTMENTS

Other adjustments implemented in this account conform to authorization limitations or reflect disagreement with House reductions.

Deletion of \$10,600,000 budgeted for environment projects in this account reflects the Committee's initiative to consolidate all funding under the "Environmental restoration" account discussed in title II of the report.

PRIOR YEAR TRANSFER SUMMARY

The Committee has recommended transfers of \$648,000,000 from prior year appropriations detailed separately in the recommendations for this account. Of this amount, \$406,000,000 was contained in the Department's recommended budget revision. The following table summarizes all program transfers contained in the report.

TRANSFER SOURCES

Program	Fiscal year—	
	1984	1985
B-1		\$46,300 000
F-16 DOD revision		287 800 000
ALR-74 warning receiver	\$56,900 000	
Inflation savings	14,500 000	
KC-135R reengining		36,400 000
F-15		9,100 000
B-52 modifications		8,000 000
T-46A inflation savings		5,300 000
Common ground equipment		26,000 000
Initial spares		35,200 000
KC-10 inflation savings		18,600 000
ALQ-131 jammer system		103,900 000

MISSILE PROCUREMENT, AIR FORCE

1985 appropriation	\$6,909,245,000
Prior year transfer (MX)	(1,500,000,000)
1986 budget estimate	10,862,700,000
House allowance	8,043,527,000
Committee recommendation	8,643,937,000

The Committee recommends an appropriation of \$8,643,937,000. This is \$2,218,763,000 below the President's budget and \$600,410,000 more than the House allowance.

This appropriation finances the construction, procurement, and modification of missiles, spacecraft, rockets, and related equipment, including spare parts and accessories, ground-handling equipment, and training devices; and expansion of public and private plants, Government-owned equipment, and installation.

[in thousands of dollars]

	1986 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)			Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
MISSILE PROCUREMENT, AIR FORCE								
BALLISTIC MISSILES								
STRATEGIC								
PEACEKEEPER (M-X)	48	3,037,280	1,746,000	1,746,000	-36	-1,291,280	--	--
FORCE MODERNIZATION								
MISSILE REPLACEMENT EQUIPMENT-STRAT	--	86,701	66,701	66,701	--	-20,000	--	--
TOTAL, BALLISTIC MISSILES		3,123,981	1,812,701	1,812,701		-1,311,280		
OTHER MISSILES								
STRATEGIC								
AIR LAUNCH CRUISE MISSILE	--	34,440	34,440	34,440	--	--	--	--
TACTICAL								
AIM-7F/N SPARROW	425	82,300	70,400	82,300	+72	--	+72	+11,900
AIM-9L/N SIDEWINDER	900	43,300	81,300	81,300	+850	+38,000	+148	--
AGM-130 POWERED GBU-15	97	48,500	20,000	20,000	-57	-28,500	--	--
AGM-65D NAVERICK	3,500	488,989	430,889	393,989	-550	-95,000	--	-36,900

[In thousands of dollars]

	1986 budget		House amount (3)	Senate amount (4)	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)			Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
AGM-88A HARM.....	1,715	478,107	438,107	448,407	--	-29,700	+265	+10,300
RAPIER.....	--	7,581	3,581	7,581	--	---	--	+4,000
ANRAAM.....	90	366,489	---	149,989	-90	-216,500	--	+149,989
ANRAAM (AP-CY).....	--	65,900	---	30,000	--	-35,900	--	+30,000
(PY TRANSFER).....	--	---	---	(29,400)	--	(+29,400)	--	(+29,400)
GRD LAUNCH CRUISE MISSILE.....	95	544,093	534,093	534,093	--	-10,000	--	---
GRD LAUNCH CRUISE MISSILE (AP-CY).....	--	9,772	9,772	9,772	--	---	--	---
TARGET DRONES.....	--	35,898	35,898	35,898	--	---	--	---
TARGET DRONES.....	--	---	---	---	--	---	--	---
TACTICAL DRONES.....	--	12,926	12,926	12,926	--	---	--	---
INDUSTRIAL FACILITIES.....	--	14,451	14,451	14,451	--	---	--	---
MISSILE REPLACEMENT EQUIPMENT -TACT.....	--	---	---	---	--	---	--	---
CLASSIFIED PROGRAMS.....	--	663,000	533,000	633,000	--	-30,000	--	+100,000
TOTAL, OTHER MISSILES.....	--	2,895,746	2,218,857	2,488,146	--	-407,600	--	+269,289
MODIFICATION OF IN-SERVICE MISSILES.....	--	92,749	92,749	90,800	--	-1,949	--	-1,949
CLASS IV.....	--	---	---	---	--	---	--	---
CLASS IV.....	--	---	---	---	--	---	--	---

[In thousands of dollars]

	1986 budget		House amount (3)	Senate amount (4)	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)			Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
CLASS V								
LGM-30F/6 MINUTEMAN II/III.....	--	13,540	8,440	83,540	--	470,000	--	475,100
UPDATE								
AGM-88A HARM.....	--	3,000	3,000	3,000	--	--	--	--
UPDATED ALCH.....	--	16,498	16,498	16,498	--	--	--	--
GRD LAUNCH CRUISE MISSILE UPDATE.....	--	8,707	8,707	8,707	--	--	--	--
TOTAL, MODIFICATION OF IN-SERVICE MISSILES.....		134,494	129,394	202,545		468,051		473,151
MISSILE SPARES + REPAIR PARTS								
SPARES AND REPAIR PARTS.....	--	539,258	461,170	465,258	--	74,000	--	44,088
OTHER SUPPORT								
SPACE PROGRAMS								
SPACEBORNE EQUIP (COMSEC).....	--	36,346	36,346	36,346	--	--	--	--
GLOBAL POSITIONING (MYP).....	9	197,398	197,398	197,398	--	--	--	--
SPACE LAUNCH SUPPORT.....	--	295,999	260,999	260,999	--	35,000	--	10,600
DEF METEOROLOGICAL SAT PROG (MYP).....	--	53,979	53,979	43,379	--	10,600	--	--
DEFENSE SUPPORT PROGRAM.....	--	131,282	131,282	131,282	--	--	--	--

[In thousands of dollars]

	1986 budget		House amount	Senate amount	Senate compared to budget		Senate compared to House	
	Qty.	Amount			Qty.	Amount	Qty.	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
DEFENSE SATELLITE COMM SYSTEM (NYP).....	2	135,506	135,506	120,506	--	-15,000	--	-15,000
DEFENSE SATELLITE COMM SYSTEM (NYP) (AP-CY).....	--	13,660	13,660	13,660	--	--	--	--
AF SATELLITE COMM SYSTEM.....	1	34,384	34,384	34,384	--	--	--	--
SPACE DEFENSE SYSTEM.....	--	83,016	--	--	--	-83,016	--	--
SPACE DEFENSE SYSTEM (AP-CY).....	--	14,900	--	--	--	-14,900	--	--
SPACE BOOSTERS.....	7	126,894	6,894	--	--	-126,894	--	-6,894
SPACE BOOSTERS (AP-CY).....	--	--	114,000	--	--	--	--	-114,000
SPACE SHUTTLE.....	--	22,073	22,073	22,073	--	--	--	--
SPECIAL PROGRAMS								
OTHER PROGRAMS.....	--	170,024	170,024	--	--	-170,024	--	-170,024
FOREST GREEN.....	--	4,749	4,749	4,749	--	--	--	--
IONDS (NYP).....	--	45,835	45,835	45,835	--	--	--	--
SPECIAL PROGRAMS.....	--	1,915,800	1,661,600	1,885,200	--	-30,600	--	+223,600
SPECIAL PROGRAMS (PY TRANSFER).....	--	--	(1,000)	--	--	--	--	(-1,000)
SPECIAL UPDATE PROGRAMS.....	--	887,376	927,476	927,476	--	+40,100	--	--
TOTAL, OTHER SUPPORT.....		4,169,221	3,816,205	3,723,287		-445,934		-92,918
GENERAL REDUCTION, PY TRANSFER.....	--	--	-4,000	--	--	--	--	+4,000
(PY TRANSFER).....	--	--	(4,000)	--	--	--	--	(-4,000)
INFLATION REESTIMATES FOR FY86.....	--	--	-13,000	-13,000	--	-13,000	--	--
INFLATION PREMIUM, FY86.....	--	--	-227,800	--	--	--	--	+227,800

[In thousands of dollars]

	1986 budget		House amount (3)	Senate amount (4)	Senate compared to budget		Senate compared to House	
	Qty. (1)	Amount (2)			Qty. (5)	Amount (6)	Qty. (7)	Amount (8)
PRIOR YEAR PROGRAM SAVINGS.....	--	--	--	--	--	--	--	--
(PY TRANSFER).....	--	--	-35,000	-35,000	--	-35,000	--	--
FY85 INFLATION FAIRNESS ADJUSTMENT.....	--	--	(35,000)	(35,000)	--	(+35,000)	--	--
(PY TRANSFER).....	--	--	-115,000	--	--	--	--	--
	--	--	(115,000)	--	--	--	--	+115,000
								(-115,000)
TOTAL, MISSILE PROCUREMENT, AIR FORCE.....	10,862,700	8,043,527		8,643,937				
TRANSFER FROM OTHER ACCOUNTS.....	--	(155,000)		(64,400)				
TOTAL FUNDING AVAILABLE.....	10,862,700	8,198,527		8,708,337				
						-2,218,763		+600,410
						(+64,400)		(-92,600)
						-2,154,363		+509,810

AUTHORIZATION CHANGES

The Committee recommends the following adjustments to reduce funding to the authorized level:

	Budget request	Committee recommendation	Change from budget
Peacekeeper (MX)	\$3,037,280,000	\$1,746,000,000	- \$1,291,280,000
Strategic missile replace equip	86,701,000	66,701,000	- 20,000,000
Guided bomb (GBU-15)	48,500,000	20,000,000	- 28,500,000
IR Maverick missile	488,989,000	393,989,000	- 95,000,000
Ground launch cruise missile	544,093,000	534,093,000	- 10,000,000
Spares	539,258,000	465,258,000	- 74,000,000
Space launch support	295,999,000	260,999,000	- 35,000,000

Authorized program of 2,950 missiles repriced reflecting reduced unit costs.

COMMITTEE RECOMMENDED ADJUSTMENTS

BALLISTIC MISSILES

Peacekeeper (MX) missile.—The budget requested \$3,037,280,000 for procurement of 48 operational Peacekeeper missiles. The Committee recommends a reduction of \$1,291,280,000 and 36 missiles in agreement with the House to reduce funding to the authorized level of \$1,746,000,000.

The House added bill language which repeats the restrictions on deployment of no more than 50 operational missiles in Minuteman silos and sets certain limits on future procurement of MX missiles. Since these provisions are included as section 141(b) of the Department of Defense Authorization Act, 1986, the Committee recommends deleting the House bill language as redundant.

AIR LAUNCHED MISSILES

AIM-7M Sparrow missile.—The Sparrow is a joint Navy/Air Force medium range radar-guided air defense missile scheduled to be replaced by the new advanced medium range air-to-air missile [AMRAAM].

The Committee recommends an increase of 72 missiles to be funded within the authorized funding level from expected contract savings which the House deleted. The recommended allowance of \$82,300,000 will increase war reserve inventories.

AIM-9 Sidewinder missile.—The Sidewinder is a joint Navy/Air Force heat seeking air-to-air missile. The Committee recommends an increase of \$38,000,000 up to the authorized funding level. The recommended allowance of \$81,300,000 extends the Committee initiative to increase war reserve inventories to the AIM-9 and will buy at least an additional 850 missiles.

AGM-88A missile (HARM).—The HARM is an air-to-surface antiradiation missile designed to destroy or suppress land and sea based radar equipment that direct air defenses. The HARM missile is compatible with various Navy and Air Force tactical aircraft.

The Committee recommends an allowance of \$448,407,000.

In the combined Navy and Air Force requests, \$45,500,000 is requested for tooling to increase the 1987 production rate capacity to 350 missiles per month from 270. The Committee notes that the increased cost of deferring by 2 to 3 years the production of the 1,400 missiles, which exceed the 270 per month rates, is about \$35,000,000 less than the cost of establishing the extra capacity for only 2 years of use. The Committee also understands that 1987 and 1988 production quantities are being reduced. The Air Force's share is \$29,700,000 for the extra tooling and is deleted.

RAPIER

The Rapier system is a ground based, point air defense system being fielded around USAF bases under cooperative agreements with the governments of the United Kingdom [UK] and Turkey.

The Air Force requested \$7,581,000 of which \$4,000,000 is not needed now for the original program in the UK. The Department advises that these funds are needed for the recently initiated Turkish program. The Committee recommends the full amount requested.

AMRAAM

The Advanced Medium-Range Air-to-Air Missile [AMRAAM] is a joint \$7,500,000,000 USAF/USN replacement program for the Sparrow radar guided missile.

The Committee recommends the full amount authorized, \$179,989,000.

The Air Force requested \$366,489,000 for the initial 90 production missiles and \$65,900,000 for advance procurement for 1987. This program was authorized at a greatly reduced level with no missiles for production. Furthermore, the program has been continued by the Secretary of Defense under the provision that total program costs be kept under \$7,500,000,000 through a producibility enhancement program which will cost \$336,500,000 over the next 6 years. This is about one-half again the development cost of the missile.

The Air Force advises that the authorized fiscal year 1986 production program will devote \$6,300,000 to training a second production source, \$20,800,000 in tooling for the second source, \$65,900,000 for qualification of the second source, and \$57,000,000 for producibility enhancements. The Committee notes that the producibility enhancement program also complements the second source qualification effort. Accordingly, the Committee recommends an allowance of \$149,989,000.

The Committee recommends transferring forward the \$29,400,000 in fiscal year 1984 advance procurement funds for application to the 1987 program for a total of \$59,400,000 for advance procurement.

Classified programs.—The Committee recommends a reduction of \$30,000,000 in the request of \$663,000,000. Details are discussed in the classified annex. This allowance is \$100,000,000 above the House.

MODIFICATIONS

Class IV missile modifications.—The Committee recommends the deletion of \$1,949,000 in unjustified funds.

Minuteman II/III modifications.—Total funding recommended for Minuteman modifications is \$83,540,000, an increase of \$70,000,000 above the budget for Minuteman modifications.

The Committee has supported the upgrade of the Minuteman launch facilities with Minuteman extended survivable power [MESP] as part of the modification program. A rechargeable battery program now augments the MESP in modified launch facilities by providing rechargeable extended emergency power which assures that the nonrechargeable lithium batteries are not used during commercial power outages in the event of backup generator failure. The request includes \$5,200,000 for rechargeable batteries for the first 80 of 200 silos.

The Committee stated its support for the MESP program in the report on the fiscal year 1985 supplemental and directed the Air Force to budget for this program starting in 1987. The Committee now recommends an increase of \$70,000,000 to fund additional engineering and procurement for two squadrons of 50 silo sets each of the lithium [MESP] and the rechargeable lead acid batteries. The Committee expects funds to sustain and continue the program to be budgeted in fiscal year 1987.

SPACE PROGRAMS

Defense Meteorological Satellite Program [DMSP].—The Air Force requests \$53,979,000 for continued support of the DMSP.

The Committee recommends a reduction of \$10,600,000 in the proposed allowance for Atlas booster modifications which is overbudgeted.

DSCS III Program.—The Defense Satellite Communications System III is an updated version of the Department's current communications satellite. The multiyear contract will complete the program buy and provide critical national communications support through the 1990's.

The Committee recommends deleting \$15,000,000 from the request of \$135,506,000 which is not needed for execution of the third year of the multiyear contract.

SPACE DEFENSE [ASAT]

The Department requested \$83,016,000 for procurement and \$14,900,000 for advance procurement of the antisatellite [ASAT] missile system.

As a result of development, testing and cost problems, the ASAT program is being restructured. The Air Force advises that the \$32,916,000 authorized for procurement is not executable and could, as permitted in the authorization act, be best used in R&D. The Committee has made that transfer.

With respect to advance procurement, the absence of a producible design make recommending any additional advance procurement funds premature. However, a supplemental or reprogramming request would be considered if conditions warrant. Prior year funds remain available.

SPACE BOOSTERS

The Air Force requested \$126,894,000 to start an incrementally funded program for providing complementary expendable launch vehicles [CELV's] as complement to the shuttle for the highest priority military space payloads. The Committee held extensive hearings on this matter over the past year.

The Committee supports the view that a complementary expendable launch vehicle could prove most useful in supporting the Nation's growing space launch requirements. However, the Committee rejects the Titan 34D7 program proposed by the Air Force.

The Committee remains deeply concerned that the Air Force proposal, while capable of meeting the narrowly defined Air Force requirements, does not have significant growth potential. The Committee supports the view that future space missions will require a heavy lift capability in the 1990's. The Committee notes that the Air Force proposal has no appreciable growth potential. The Committee questions the Air Force dismissal of shuttle-derived or other new technologies as a way of achieving more growth potential without sacrificing cost objectives.

The Committee recognizes that a backup capability to the shuttle may have long-term benefits to the Nation. However, the Committee will support a CELV program only if that program offers future growth potential.

Accordingly, the Committee recommends deleting the \$126,894,000 budget request and has included bill language which prohibits the use of any funds for further development or procurement of the Titan 34D7 program.

The Committee is disturbed that the Air Force has proposed incremental funding of the CELV program. The Committee directs that should the Air Force propose a new CELV program, such a program should be fully funded.

The Air Force has told the Committee informally that the most cost effective, fully funded procurement program would require applying the 1986 request for advance procurement of nine ship sets of long lead items and economic order quantities of materiel, contending that this multiyear approach would yield at least 10 percent savings over annual funding.

The representation overlooks one deficiency—multiyear procurement is neither budgeted nor authorized, and incremental funding commitments of this type are specifically prohibited for major programs in all recent year appropriation acts.

If the Air Force can substantiate its multiyear savings projections and meet other MYP criteria, the Committee encourages the submission of a supplemental budget request seeking multiyear authorization at the earliest possible date.

The House approved a \$6,894,000 reduction in the CELV budget estimate and allocated most of the allowance—\$114,000,000—to advance procurement.

The Air Force has also requested \$7,200,000 to initiate activities leading to the conversion of existing Titan II ICBM's for use as space launch vehicles as discussed elsewhere in this report. The Committee recognizes that the Department of Defense has a number of small, unique, high priority satellites which require highly inclined polar orbits from Vandenberg AFB, and which, potentially, could be launched at lower net cost by refurbished Titan II's.

The Committee supports this effort as long as it can be demonstrated that this program does not directly compete with the space shuttle's ability to provide the same service at a roughly comparable cost. The Committee's concern is that the use of the Titan II from the Vandenberg launch site not impair full and efficient utilization of the substantial investment in shuttle system capability at that site. To this end, the Committee directs the Secretary of Defense and the Administrator of the National Aeronautics and Space Administration to jointly certify to the Congress that payloads being launched by Titan II's are cost effective relative to comparable costs of space shuttle launches, and do not diminish efficient utilization of space shuttle capability.

SPECIAL PROGRAMS

Other programs.—The Committee denies all \$170,024,000 requested as discussed in the classified annex.

Special programs.—The Committee recommends a reduction of \$30,600,000 below the request as discussed in the classified annex.

Special update program.—The Committee recommends an allowance of \$927,476,000 which is an authorized \$40,100,000 increase over the budget. Details are provided in the classified annex.

OTHER PROCUREMENT, AIR FORCE

1985 appropriation	\$8,861,697,000
1986 budget estimate	9,538,000,000
House allowance	7,890,918,000
Committee recommendation	8,831,674,000

The Committee recommends an appropriation of \$8,831,674,000 for other procurement, Air Force. The recommendation is a decrease of \$706,326,000 from the budget and \$940,756,000 more than the House allowance.

In addition, transfer of \$282,000,000 is recommended from prior year appropriations compared to \$347,476,000 proposed by the House.

This appropriation provides for the procurement of weapons systems and equipment other than aircraft and missiles. Included are munitions,

other weapons, vehicles, electronic and telecommunications systems for command and control of operational forces, and ground support equipment for weapons systems and supporting structure.

COMMITTEE RECOMMENDED PROGRAM

The following table summarizes the Committee recommended program by major budget activity. Details of recommended adjustments are discussed in the subsequent section.

[In thousands of dollars]

Program	Fiscal year 1986 budget request	Committee recommen- dation	Recom- mendation compared to budget
Munitions and associated equipment	1,621,759	1,440,496	- 181,263
Vehicular equipment	340,869	340,869	
Electronics and telecommunications equipment	2,816,783	2,648,344	- 168,439
Other base maintenance and support equipment	4,758,589	4,638,265	- 120,324
Noncentrally managed items		54,700	+ 54,700
Fiscal year 1986 inflation reestimate		- 9,000	- 9,000
Prior year inflation savings		- 242,000	- 242,000
Prior year program savings		- 40,000	- 40,000

RESTORED HOUSE REDUCTIONS

The Committee recommends restoring the following reductions proposed by the House:

[In thousands of dollars]

	Budget request	House recommendation	Committee recommendation
Inflatable retarder	34,703	31,233	34,703
Combined effects munition (CBU-87)	552,934	330,534	552,934
Industrial preparedness	14,326	2,497	14,326
BMEWS modernization	70,754	38,250	70,754
MAR upgrade	16,598	3,798	16,598
DEW radar	8,858		8,858
ADP equipment	170,528	148,028	170,528
Flood lights	10,691	7,745	10,691

AUTHORIZATION CHANGES

The Committee recommends the following adjustments to reduce funding to the authorized level:

[In thousands of dollars]

	Budget request	Committee recommendation	Change from budget
30 mm training ammo	100,425	91,625	- 8,800
Cartridge IMP 3000 F/P	4,281	3,181	- 1,100
Timer, actuator fin fuze	1,963		- 1,963
Bomb laser guidance kit	103,677		- 103,677
CBU-89 (TMD/GATOR)	202,015	172,015	- 30,000
Aerial tow targets	8,398	6,798	- 1,600
Rapid munitions assembly	3,925	2,825	- 1,100
Spares and repair parts	9,547	7,147	- 2,400
Items less than \$900,000	21,334	19,034	- 2,300
FMU-130 fuze	8,427		- 8,427
FMU-112/FMU-139 fuze	61,725	41,725	- 20,000
Cheyenne Mountain complex	61,039	54,136	- 6,903
Tact air control system improvement	95,400	84,400	- 11,000
OTH-B radar	237,000	167,000	- 70,000
Navstar GPS	7,400	3,400	- 4,000
TR-1 ground stations	74,600	64,600	- 10,000
Imagery transmission	37,500	20,000	- 17,500
Range improvements	105,200	90,200	- 15,000
Base level data automation	64,900	47,900	- 17,000
SAMTO test ranges	32,100	22,100	- 10,000
Test equipment	39,700	34,500	- 5,200
Test items less than \$900,000,000	42,000	35,000	- 7,000
Depot plant equipment less than \$900,000,000	18,500	13,500	- 5,000
Base support items less than \$900,000,000	17,800	15,000	- 2,800
Photo processing system	11,300	10,000	- 1,300

COMMITTEE RECOMMENDED ADJUSTMENTS

MUNITIONS AND ASSOCIATED EQUIPMENT

GBU-15 guided bomb.—The Air Force request is for \$127,269,000 for 715 GBU-15's to include the second year of production of 530 of the IR version, the GBU-15/IR. The balance is for 185 GBU-15/TV.

The Committee understands that testing problems have caused a delay in approving production and the obligation of the fiscal year 1985 GBU-15/IR funds. Consequently, the Committee recommends an allowance of \$106,700,000 which will fund the continued production of the GBU-15/TV at the budgeted rate pending completion of the required testing. Fiscal year 1985 funds remain available for the initial production of the GBU-15/IR when appropriate.

Durandal.—The Committee recommends a reduction of \$26,502,000 in the request of \$94,502,000. This is based on a repricing of the authorized program of 3,000 bombs.

2,000 pound bomb.—The Committee recommends a \$2,200,000 reduction in the request of \$34,056,00 for excess management reserves.

War reserve munitions.—The Committee recommends an additional \$50,000,000 for war reserve munitions as an offset to the various fact-of-life adjustments recommended above. This additional funding will restore the ammunition program to the authorized program.

The Air Force is directed to notify the Committees on Appropriations of the House and Senate of the proposed allocation of these funds

before obligation. Maintenance of stable, cost-effective production rates without needlessly expanding the production base should be given prime consideration in the allocation process.

30 mm armor piercing ammo.—The Committee recommends deleting House bill language that prohibits obligation of funds for procurement of 30 mm armor piercing ammunition unless there is a component breakout for the depleted uranium penetrator.

ELECTRONICS AND TELECOMMUNICATIONS EQUIPMENT

USAFE command and control.—A reduction of \$3,376,000 is recommended for a revised allowance of \$8,700,000 for U.S. Air Forces Europe command and control system improvements. This defers the upgrade of the USAFE commander's alternative war headquarters which should be consolidated with the U.S. Army Europe program.

Joint Tactical Communications Program.—The Committee concurs in the House reduction of \$1,700,000 for joint tactical communications programs as discussed in the Marine Corps procurement section of the report.

Communications spares.—An allowance of \$383,494,000 for communications spares, a decrease of \$15,000,000 from the request concurs with authorization assumptions. House deleted an additional \$18,850,000 related to other reductions applicable to communications programs not in agreement with the Committee position.

OTHER BASE MAINTENANCE AND SUPPORT EQUIPMENT

Base/AIC calibration.—The Committee recommends an allowance of \$10,000,000 for base level calibration equipment, a reduction of \$42,800,000 from the request and \$35,027,000 below the House allowance. Air Force justification for this five-fold increase in funding is "based upon corporate Air Force initiative to increase BPMEL funding based on priority of requirements." In the absence of a clearer need for the increase, the allowance retains the fiscal year 1985 funding level.

Air base survivability.—An allowance of \$21,900,000 is recommended for air base survivability, a reduction of \$14,847,000 from the request and the House allowance. Additional funding request is to implement agreements with host nations overseas, yet no host nation support agreement has been identified. Air Force may elect to renegotiate the terms of this independently initiated agreement or absorb costs from within funds available.

Wartime host nation support.—Although \$15,300,000 appropriated in prior years has not been obligated, the Air Force requested \$5,100,000 of additional funds for wartime host nation support. The Committee recommends appropriation of the additional funding since the technical agreement for host nation support is in negotiation. However, the appropriated funds are to be fenced. A full description of the Committee's interest in the program is detailed in the title II section of the report.

TACAN antennas.—The Committee recommends agreement with the House addition of \$8,000,000 for procurement of TACAN antennas for

remote airfields to upgrade primary navigation capability for military aircraft.

Medical readiness.—An allowance of \$136,639,000 is recommended, an increase of \$4,300,000 to the request and \$16,600,000 over the House allowance. This incorporates the Committee's initiative for medical readiness detailed in the title II section of the report.

OTHER ADJUSTMENTS

Undistributed reduction.—The Committee does not concur in the \$257,000,000 undistributed reduction proposed by the House. Specific reductions have been applied and justification for further decreases of an unspecified nature are not substantiated.

Transfers.—The Committee recommends transfer of \$282,000,000 from prior year appropriations to offset total funding required in fiscal year 1986. This applies savings indentified by the Department in the May budget revision.

Noncentrally managed items.—The Committee recommends an allowance of \$54,700,000 in accordance with the authorizing legislation which directed that purchases of noncentrally managed items with cost over \$5,000 be procurement funded rather than O&M funded as proposed by the Department. Items costing less than \$5,000 may be purchased with operating funds. A corresponding reduction has been recommended in the Air Force O&M accounts.

NATIONAL GUARD AND RESERVE COMPONENT EQUIPMENT

1985 appropriation	\$380,000,000
1986 budget estimate	
House allowance	582,000,000
Committee recommendation	2,063,800,000

The Committee recommends an appropriation of \$2,063,800,000 and a transfer of \$178,400,000 in prior year funds to provide military equipment to the National Guard and Reserve components of the services. This is \$1,481,800,000 more than the House allowance. There was no specific budget request for this activity.

COMMITTEE RECOMMENDED PROGRAM

[In thousands of dollars]

	Fiscal year 1986 budget estimate	House allowance	Committee recommen- dation	Change from	
				Budget	House
Reserve, Army:					
Miscellaneous equipment			575,400	+ 575,400	+ 575,400
General reduction			- 150,000	- 150,000	- 150,000
(PY transfer)			(150,400)	(+ 150,400)	(+ 150,400)
Truck SLEP			15,000	+ 15,000	+ 15,000
Reserve, Navy:					
Miscellaneous equipment		20,000	230,000	+ 230,000	+ 210,000
Search and rescue heli- copter		25,000	25,000	+ 25,000	

[In thousands of dollars]

	Fiscal year 1986 budget estimate	House allowance	Committee recommen- dation	Change from	
				Budget	House
Reserve, Army:					
Miscellaneous equipment			575,400	+ 575,400	+ 575,400
General reduction			- 150,000	- 150,000	- 150,000
(PY transfer)			(150,400)	(+ 150,400)	(+ 150,400)
Truck SLEP			15,000	+ 15,000	+ 15,000
Reserve, Navy:					
Miscellaneous equipment	20,000	230,000	+ 230,000	+ 210,000	
Search and rescue heli- copter	25,000	25,000	+ 25,000		
Reserve, Marine Corps:					
Miscellaneous equipment	20,000	100,000	+ 100,000	+ 80,000	
Tanker aircraft (KC-130T)	40,000	40,000	+ 40,000		
Reserve, Air Force:					
Miscellaneous equipment		100,000	+ 100,000	+ 100,000	
C-130H aircraft	120,000	130,000	+ 130,000	+ 10,000	
(PY transfer)		(20,000)	(+ 20,000)	+ 20,000	
Army, National Guard:					
Miscellaneous equipment	100,000	500,000	+ 500,000	+ 400,000	
Chaparral missile		58,400	+ 58,400	+ 58,400	
Improved TOW (mod)	15,000	28,200	+ 28,200	+ 13,200	
M-198 towed howitzer		30,200	+ 30,200	+ 30,200	
Training devices, nonsystem	50,000	50,000	+ 50,000		
Truck SLEP		32,000	+ 32,000	+ 32,000	
Air National Guard:					
Miscellaneous equipment	30,000	150,000	+ 150,000	+ 120,000	
C-130 aircraft	150,000	150,000	+ 150,000		
C-12J aircraft		18,000			- 18,000
C-131 aircraft modifications	2,000				
General reduction	- 8,000				+ 8,000
(PY transfer)	(8,000)	(8,000)	(+ 8,000)		

COMMITTEE RECOMMENDED ADJUSTMENTS

Miscellaneous equipment.—In 1981, a plan was recommended to provide some \$2,600,000,000 specifically earmarked for the miscellaneous equipment needs of the National Guard and Reserve components over the next 5 years. Equipment shortfalls recognized at that time included trucks, radios, boats, trailers, medical equipment, tool sets, and the common, daily equipment needed by the units. Since that time, over \$700,000,000 has been appropriated for this purpose. However, there continues to be a substantial shortfall in the equipment needed to meet full wartime mobilization. This year's funding falls slightly short of that 1981 goal.

The Reserve Forces Policy Board fiscal year 1983 readiness assessment of the Reserve components identified a Reserve component shortage of almost \$25,000,000,000. The fiscal year 1986 procurement budget for the National Guard and Reserve components totals \$4,020,600,000, approximately \$1,800,000,000 less than provided last year, and only 4 percent of the total procurement budget request.

The Committee, therefore, recommends a continuation of funding for the everyday equipment needs of Guard and Reserve units. An appropriation of \$1,655,400,000 for this purpose is recommended. The chief

of each National Guard and Reserve component shall allocate these funds to equipment units in a way that will provide the most military capability for the money.

In addition, of the amount appropriated for the Army National Guard, the chief of the Army National Guard may allocate not more than \$40,000,000 for minor projects which will facilitate the delivery, storage, training, and maintenance to fully utilize the new equipment they have received. Appropriate enabling bill language has been included.

The Committee requests that the chief of each Guard and Reserve component receiving such funds provide a detailed report to the Appropriation Committees of the Senate and House on the items of equipment to be procured with such funds within 120 days after date of enactment of this act.

Communications and other unit equipment.—The Air National Guard provides a large percentage of long-haul Air Force communications, as well as tactical fighter and tactical reconnaissance forces. There are major shortfalls of communications equipment in all areas and needed replacement for equipment which is over a quarter-century old and incompatible with modern systems.

The Committee directs that of the amount appropriated for the Air National Guard, \$30,000,000 be used to procure communications and other unit equipment as needed.

Navy Reserve search and rescue helicopter.—The Committee recommends the full \$25,000,000 authorized for four search and rescue helicopters. The Committee understands these funds will be combined with similar funds provided last year. The Committee agrees with the House and directs that this procurement be completed.

Marine Reserve KC-130T tanker.—The Committee recommends the full amount authorized for procurement of additional KC-130T tankers to fill existing unit equipment shortages.

C-130H aircraft.—The authorization act provided \$270,000,000 for 14 C-130H's for the Air Force Reserve and the Air National Guard. The Committee recommends increasing the funding to provide for 16 aircraft, 8 each for the Reserve and Guard. Of the additional funding required, \$20,000,000 is provided by transfer from unobligated C-130 funds in the aircraft procurement, Air Force, 1984/1986, account.

Air combat maneuvering instrumentation system.—Air combat maneuvering instrumentation [ACMI] is a computerized, three-dimensional display system used to record and play back air-to-air and air-to-surface simulated combat engagements for training purposes. Since its inception in 1973, ACMI has proven to be a system which gains maximum training value from expensive aircraft sorties while saving money for allowing review and evaluation of both aircraft and air crew performance, tactics, fire control system, and missile performance or weapons accuracy. It is currently installed at some active duty bases, but not available at any Air National Guard facilities or sufficiently available for Air Guard training.

Of the amount appropriated for the Air National Guard, the Committee directs that \$25,000,000 be used to procure the most capable, cost-effective system to be installed at an Air National Guard location providing a large supersonic air space for both air-to-air and air-to-ground training, a year-round favorable flying climate, and a physical facility for handling airplanes and support personnel.

Army Truck Service Life Extension Program [SLEP].—The Army's estimated \$11,000,000,000 inventory of tactical trucks combined with currently programmed procurement will still leave a sizable shortage of medium tactical cargo trucks in the 1990's. The oldest of these trucks, many with gas and old multifuel engines, are in the Reserve and National Guard.

The Marine Corps is currently running a very successful program of modernizing and extending the service life of its tactical cargo trucks. This program replaces selected components with newer, more easily supported items. The cost to rebuild is less than the cost of a new truck. The rebuilt trucks reportedly meet new truck specifications.

The Committee recommends an allowance of \$47,000,000 for the Army Reserve and National Guard to selectively rebuild at least 1,657 old 2½-ton and 5-ton tactical cargo trucks at the Reserve components equipment sites or selected regional sites. The program is not envisioned as part of the existing Army depot rebuild program.

The procurement of the needed kits is to be done competitively and fully funded within the 1986 program.

C-12J/C-131 modifications.—The C-12J has been recently introduced into the Air National Guard as an operational support aircraft. Last year Congress directed an evaluation of a rebuild and reengining of the Air Guard's existing C-131's. To date, little has resulted from that direction. Pending completion of a GAO evaluation of the C-131 modification program, no new funding is recommended for either C-12J's or further C-131 modifications. The \$8,000,000 provided last year remains available for the first two C-131 modifications.

The Committee also directs the Office of the Secretary of Defense to survey and report on the status of the C-131 fleet within 6 months of the passage of this act. The Committee believes that the C-131 aircraft should not be retired without a clear rationale if, first, the aircraft are in good condition and, second, the test program evaluating the reengining and other modifications has not been completed and its conclusions reviewed by the Appropriations and Armed Services Committees.

PROCUREMENT, DEFENSE AGENCIES

1985 appropriation	\$1,165,701,000
1986 budget estimate	1,391,900,000
House allowance	1,181,869,000
Committee recommendation	1,426,914,000

The Committee recommends an appropriation of \$1,426,914,000, an increase of \$35,014,000 to the budget estimate and \$245,045,000 more than the House allowance.

In addition, a transfer of \$36,000,000 is recommended in agreement with the House.

This appropriation provides for procurement of capital equipment for the Defense Communications Agency, the Defense Investigative Service, the Defense Mapping Agency, the Defense Logistics Agency, and other agencies of the Department of Defense. The fiscal year 1986 program includes procurement of automatic data processing equipment, mechanical materials handling systems, general and special-purpose vehicular equipment, communications equipment, and mapping, charting, and geodetic equipment.

COMMITTEE RECOMMENDED ADJUSTMENTS

Classified programs.—The Committee recommends an allowance of \$1,159,791,000 for classified programs, a net increase of \$87,914,000 above the budget request and \$272,945,000 over the House. This provides \$131,400,000 for communications security [COMSEC] equipment and additional funding for the National COMSEC Assessment Center, established this year and discussed elsewhere in this report. A reduction of \$43,486,000 is recommended for classified programs of the Defense Intelligence Agency and National Security Agency. Details are contained in the classified annex to this report.

Noncentrally managed items.—The Committee recommends an allowance of \$10,000,000 in accordance with the authorizing legislation which directed that purchases of noncentrally managed items with cost over \$5,000 be procurement funded rather than O&M funded as proposed by the Department. Items costing less than \$5,000 may not be purchased with operating funds. A corresponding reduction has been recommended in the Defense Agency O&M accounts.

DCA CINC initiatives.—The Committee recommends a reduction of \$7,900,000 for the Defense Communications Agency Commander-in-Chiefs [CINC] initiatives program, as discussed elsewhere in this report.

DIS equipment.—The Committee recommends an allowance of \$25,000,000, in agreement with the House, to reduce the security clearance backlog; \$5,000,000 is provided to the Defense Investigative Service for the purchase of necessary equipment; and \$20,000,000 is added to the operating account.

ADP equipment.—The Committee recommends an allowance of \$54,600,000 for the purchase of ADP equipment by the Defense Logistics Agency. The Committee deletes \$20,000,000, which cannot be obligated in fiscal year 1986.

DLA materials handling equipment.—The Committee recommends a reduction of \$3,000,000 for DLA material handling equipment in accordance with the authorization.

Inflation reestimate.—The Committee recommends a \$1,000,000 reduction for inflation, based on the May budget revision proposed by the Secretary of Defense.

Prior year transfer.—The Committee agrees with House and authorization action on prior year transfers of \$36,000,000.

DEFENSE PRODUCTION ACT PURCHASES

1985 appropriation.....	\$10,000,000
1986 budget estimate.....	59,000,000
House allowance.....	
Committee recommendation.....	31,000,000

The Committee recommends an appropriation of \$31,000,000, a decrease of \$28,000,000 below the President's request, and \$31,000,000 more than the House allowance.

The Defense Production Act was originally signed in 1950 and has been regularly extended for 2 year periods. The act was last amended in fiscal year 1984 by the House Committee on Banking, Finance and Urban Affairs and the Senate Committee on Banking, Housing and Urban Affairs. (The amendment authorized appropriations up to \$75,000,000 in fiscal year 1986.) The purpose of this act is to keep defense production on schedule by providing preferential treatment in the marketplace and/or establishing new capabilities. Title III of the act is existing authority to provide economic incentives to encourage domestic production of basic materials and products essential to defense needs and reduce the U.S. dependence on foreign sources of supply.

Materials and products procured under title III are provided to contractors of major end items as Government furnished material. Due to production lead times, materials and products will not be available for 2 to 3 years after the approval of the title III project. The Committee believes that title III procurements should lead to cost savings in major programs in the future, as domestic sources of supply will be available.

To qualify, proposed projects must meet the following criteria:

One, the project must be for material that is essential to national defense.

Two, the free market cannot be reasonably expected to provide the needed capability in a timely manner.

Three, the project must be the most cost effective method for meeting the defense need.

Four, the defense demand must be equal to or greater than the output of domestic industrial capacity.

Five, title III projects must be accomplished through supply contracts that produce materials or products for the government.

Six, before contract award the specifications of the product must be agreed to by the U.S. Government and the contractor, and the product must meet specifications.

In fiscal year 1985, the Congress provided \$10,000,000 for title III programs. The budget request for fiscal year 1986 is \$59,000,000. The Committee recommends funding \$31,000,000 of the budget request for the following projects:

Polycarbonate (for aircraft windows), \$13,000,000.—This project will establish and maintain a facility dedicated to the production of the special type of polycarbonate required for major aircraft and all helicopters. All of the services are beneficiaries.

High performance pitch-based carbon fibers, \$9,500,000.—Domestic source will be established to provide precursor material that will meet high specifications to produce fiber yarns for aerospace products and space structures. Project will benefit all of the services.

Reclamation of chromium from superalloy scrap, \$4,000,000.—These funds will develop, demonstrate and implement a domestic capability for the reclamation of chromium for use in Army, Navy, and Air Force parts manufactured from superalloys.

High purity quartz fiber, \$4,500,000.—This project will establish a domestic supply for material required to make high quality quartz fibers for tactical missiles, structures, antennas, and radomes. All of the services will benefit from this project. Funding is only provided for phase I, as each phase is a stand-alone project. Justification for the project did not ensure that during phases II and III the contractor would increase production capacity as desired. The Committee recommends the Defense Department request the funds for subsequent phases when the contractor will increase production as desired.

The Committee recommends a reduction of \$20,000,000 for air crew respirator No. 5. Domestic sources would be established to provide the production capacity for the AR-5 air crew respirator mask for air crew protection in all aircraft for all services. Justification for this project shows that complete peacetime requirements have not been developed, and surge or mobilization requirements have not been projected. The Committee does not believe this project meets the criterion that the demand be equal to or greater than the production capability since, at this time, the demand has not been determined, and recommends that no funding be provided for this project until such requirements are determined.

NATO COOPERATIVE DEFENSE PROGRAMS

1985 appropriation
 1986 budget estimate
 House allowance
 Committee recommendation

The authorizing legislation provides for an unbudgeted increase of \$75,000,000 for four specific air base defense programs: Italy, Belgium, Turkey, and the Federal Republic of Germany [FRG]. No new appropriation is recommended.

The Committee understands that all the executable cooperative air base defense programs have been funded within the budget request. As noted in the section on Air Force missile procurement, the full funding for the Rapiere program is recommended to support the Turkish cooperative agreement. The FRG/Patriot agreement is fully funded within the Army request. Negotiations are continuing on the other agreements but none are far enough along to be executed in 1986.

The Committee emphasizes its previous direction that the Department should budget for any legitimate requirements for these agreements.

TITLE IV

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

The fiscal year 1986 Department of Defense budget for research, development, test, and evaluation totaled \$39,280,100,000. The accompanying Senate bill contains \$35,984,121,000, a reduction of \$3,295,979,000 from the budget estimates. The recommended allowance is \$495,367,000 above the authorization, \$2,831,300,000 above the House allowance, and \$4,797,050,000 above the fiscal year 1985 appropriation for RDT&E. The following table summarizes the budget estimates and Committee recommendations:

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Change from budget
Research, development, test, and evaluation:				
Army	5,279,900	4,436,475	4,841,169	- 438,731
Navy	11,264,300	9,462,631	10,104,594	- 1,159,706
Air Force	15,578,500	13,217,177	13,861,113	- 1,717,387
Defense Agencies	7,053,900	5,943,038	7,033,745	- 20,155
Director, test and evaluation, De- fense	103,500	93,500	143,500	+ 40,000
Total, RDT&E	39,280,100	33,152,821	35,984,121	- 3,295,979

COMMITTEE OVERVIEW

The fiscal year 1986 budget request for defensewide research, development, test and evaluation is approximately 12.5 percent of the entire budget of the Department of Defense. Real growth in R&D budget request totaled nearly 22 percent over fiscal year 1985. As the following chart indicates, most of this real growth is occurring in programs of the Navy and Defense Agencies, and to a lesser extent, the Army and Air Force.

RDT&E PROGRAM COMPARISON

BUDGET AUTHORITY

[Dollar amounts in millions]

	Fiscal year 1985 enacted	Fiscal year 1986 budget	Dollar increase	Percent net growth
Army	\$4,349	\$5,280	+ \$931	+ 17
Navy	9,173	11,264	+ 2,091	+ 19
Air Force	13,424	15,579	+ 2,155	+ 12
Defense Agencies/DT&E	4,241	7,157	+ 2,196	+ 65
Total	31,187	39,280	+ 8,093	+ 22

GROWTH ISSUES

The real growth in the research and development budget request is primarily directed at improvements for U.S. strategic nuclear forces, intelligence and communications programs, space activities, new program starts, and the Strategic Defense Initiative, which was proposed for an increase from \$1,400,000,000 to more than \$3,700,000,000. Much of this real growth is proposed to correct near-term deficiencies in our defense posture, provide for adequate force modernization and establish a stable base from which to make long-range planning in the acquisition area. The Committee is generally supportive of the DOD emphasis on increased investment in defensewide research and development.

The RDT&E program for the Department of Defense will more than double between fiscal year 1981 and fiscal year 1986. Fiscal year 1981 congressional appropriations exceeded \$16,000,000,000. This year's Committee recommendation for RDT&E is nearly \$36,000,000,000, more than twice the fiscal year 1981 level. This rapid expansion in RDT&E spending has been characterized by heavy, annual increases in RDT&E appropriations since fiscal year 1981.

The following chart, submitted by USDR&E in response to Committee questions at its March research and development overview hearing, shows how RDT&E has grown in real terms since fiscal year 1981:

Annual real growth in RDT&E		Percent
Fiscal year:		
1981		12.3
1982		14.2
1983		9.5
1984		13.6
1985		12.6
1986		¹ 20.1

¹ Fiscal year 1986 budget request.

In last year's Committee report, the Committee noted that this heavy investment in RDT&E could not be sustained by the congressional budget process after fiscal year 1985. The Committee notes the defense authorization already reduced RDT&E by \$3,800,000,000 even before the Committee began action on the fiscal year 1986 budget request for RDT&E. The authorization act provides more than 10 percent real growth in RDT&E. The Committee's recommendation of \$36,000,000,-

000 provides for approximately 11 percent real growth in RDT&E over fiscal year 1985 appropriations for RDT&E.

The Committee believes that its prediction regarding the leveling off of real growth in RDT&E has been correct. It would encourage the Department of Defense to submit R&D budget requests in future years which are responsive to these concerns. RDT&E spending must not be permitted to grow out of proportion with the rest of the defense budget, although the Committee acknowledges that some level of real growth in RDT&E will be necessary to sustain strategic force modernization and the strategic defense initiative.

While the Committee believes that RDT&E growth must be moderated, it does not recommend it be eliminated. A real growth freeze in R&D would ultimately force the cancellation or stretchout of many key programs, and delay the deployment of improved weapons systems beyond the time when they will be needed. Moreover, a real growth freeze in RDT&E runs the serious risk of providing the Soviet Union with the opportunity to exploit the slowdown, and close the gap in military technology with the United States. The fiscal year 1986 report of the USDR&E noted that while the United States is still technologically superior to the Soviets in military technology, the U.S.S.R. is gradually reducing this advantage in many basic technology areas. The United States cannot stand pat in the R&D field and expect its current edge to be maintained.

U.S. technology has always been considered our strong suit—we cannot expect to compete quantitatively on a unit-per-unit basis with the Soviets. In the view of the Committee, maintenance of the U.S. advantage in military technology requires additional investment beyond the rate of inflation. Only by maintaining real growth in RDT&E can we provide for strategic force modernization, fund SDI, expand the technology base and sustain conventional force improvements.

The Committee has carefully reviewed new program starts this year and concluded that many with potential but lacking firm cost or schedule planning will have to be deferred. The Committee has also chosen to decrease funding for programs having marginal military utility or which have the net effect of constraining budgetary support for other essential defense research and development efforts. In making its reduction, the Committee has sought to provide full support for all important, ongoing R&D programs that meet essential near-term U.S. military requirements that cannot afford to be deferred. Where cuts have been made, they have been concentrated on new starts, program accelerations, marginal initiatives, and programs lacking firm cost-effectiveness criteria. Meanwhile, the Committee has added R&D funds above budget to programs requiring enhanced fiscal resources. These include the ASAT program, the New Design SSN, and the fully authorized NATO Cooperative R&D program.

HIGHLIGHTS

The Committee notes its continuing support for the technology base modernization effort of the military services and DARPA. Increased investment in basic research and innovative technologies is a high RDT&E priority. The Committee has supported this objective by providing a high level of funding for all technology base budget activities, by fully funding the Triservice University Research Instrumentation Program and the Supercomputers Program, and by adding \$75,000,000 to a new University Research Initiatives Program.

The Committee has agreed to fund the dual role fighter (F-15E), the F-14 upgrade, and the A-6F. The Committee is supportive of Air Force and Navy plans to product improve existing tactical aircraft rather than start, at this time, separate and costly development programs to meet service requirements.

The Committee has fully funded most of the essential research and development programs covered by the Senate-passed Defense authorization bill. The proposed RDT&E Program will permit ongoing development for all major Army programs, including JSTARS, JTACMS, LHX, and RPV's; allow the Navy to pursue its most essential development programs—the Trident II SLBM, a competitive new design SSN program, the DDG-51, the advanced lightweight torpedo, the MK 48 ADCAP torpedo, the J VX, and the F-14 and A-6 upgrades; and supply full funding for nearly all major Air Force strategic and tactical programs. The Committee has also provided full funding at the Senate-authorized level for the President's strategic defense initiative. For an explanation of the Committee position on SDI, see the RDT&E, Defense agencies, section of the report.

The fiscal year 1985 statement of the Under Secretary of Research and Engineering to Congress indicated that sustained Soviet investment in defense research and development will cause the U.S.S.R. to outspend the United States in military RDT&E by \$185,000,000,000 between the years 1975 and 1985. The Committee cannot expect the United States to outspend the Soviets in this area, but it does support the effort of the administration to close this gap, modernize U.S. strategic and tactical forces, and protect the U.S. leadtime advantage in military critical technologies by developing a more restrictive policy toward the export of high technology to the Soviet Union.

The Committee believes that its actions demonstrate that certain carefully targeted reductions to the research and development budget request can be made without impairing the general thrust of the administration's defense Research and Development Program. Its actions have shown that RDT&E resources can be directed under a substantially reduced budget ceiling to those areas having the greatest potential for high military payoff. In achieving these budget reductions, the Committee believes that it has acted responsibly and that it has shown a continuing support for the overall research and development program.

NATO COOPERATIVE R&D PROGRAM FUNDING

The Committee recommends \$200,000,000 in additional new budget authority in equal amounts between the Army, Navy, Air Force, and Defense Agencies to facilitate the \$200,000,000 of general authorization approved for NATO cooperative R&D programs in the fiscal year 1986 Defense Authorization Act. The Committee also recommends adding \$50,000,000 to director, test and evaluation, defense to acquire items manufactured by other member nations of NATO for side-by-side comparison testing with items of U.S. manufacture. The Committee strongly supports the initiative taken in the authorization act, believing that it will lay the groundwork for common NATO technological development and procurement in the 1990's.

Without specific new budget authority for these programs, it is unlikely that they could be initiated on the scale proposed in the Defense Authorization Act. The Committee has already identified offsets for the recommended \$200,000,000 and directs that these funds be used solely for the purpose of initiating the NATO Cooperative R&D Program.

In support of its position, the Committee submits the following Department of Defense analysis of its criteria for selecting projects and broad project categories:

Given the multiplicity of different national military requirements which exists today in NATO and the increasing rigidity of Allied defense budgets, the alliance has a limited opportunity to lay the groundwork for common technological development and NATO-wide procurement for the 1990's. There are many cooperative R&D projects which can rapidly and significantly strengthen NATO conventional forces but which are not developed because funds or Allied commitments are lacking. The purpose of the new funds is to provide venture capital to engage the Allies in a wide array of cooperative R&D programs for the 1990's. The high-leverage technologies involved in these programs will support key missions identified by NATO's military commanders. Failure to take a collective approach to alliance R&D requirements will further fragment NATO's scarce financial and technological resources. The long-term impact will be an erosion of NATO's conventional defense posture.

The realization of these new projects will require expedited action, even though these are multiyear funds, in order that service requirements and Allied commitments are fulfilled in a timely manner leading to allocation of the funds. The criteria for selection of projects are:

- Technical feasibility and industrial viability.
- Capability to provide high payoff in conventional force enhancement in one or more of the five mission areas identified in the language.
- Realistic expectation of Allied commitment to RDT&E and follow-on acquisition.
- Not otherwise adequately funded within DOD budget requests.
- Ability to satisfy anticipated requirements of U.S. forces, and the theater commander.

Some illustrative projects consistent with these criteria are cited below. Clearly, the funds allocated to any one of these are likely to be initially small and focused on technological proof as a step toward eventual development. These projects are:

Attack of follow-on forces

- Advanced surveillance sensors and fusion centers.
- Sensor platforms or components such as RPV's.
- Standoff missile systems for aircraft or ground launch.

Defense against first echelon forces

- Components common with European tank development.
- Components common with European attack helicopter development.
- Advanced submunitions developments.
- Armor for light combat vehicles.

Offensive and defensive counter-air

- Standoff missile systems for airfield attack.
- Advanced short-range point air defense system.
- Airfield damage assessment sensors.
- Advanced engine for V/STOL for survivability and maneuverability.
- Components common with European fighter.

Enhancement of C3I

Developments consistent with surveillance and force control concepts described in other mission areas.

Maritime defense

- Components for shallow mine clearance.
- Components and weapons for NATO frigate programs.
- Advanced maritime mines.

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, ARMY

1985 appropriation	\$4,349,015,000
1986 budget estimate	5,279,900,000
House allowance	4,436,475,000
Committee recommendation	4,841,169,000

The Committee recommends an appropriation of \$4,841,169,000, a reduction of \$438,731,000 to the budget request. The recommendation is \$404,694,000 above the House allowance.

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Change from budget
Technology base	876,432	812,552	849,412	- 27,020
Advanced technology develop- ment	593,348	484,792	484,477	- 108,871
Strategic programs	235,657	229,657	229,657	- 6,000
Tactical programs	2,366,366	1,880,512	2,076,023	- 290,343
Intelligence and communications ..	68,491	68,491	99,135	+ 30,644
Defensewide mission support	1,139,606	1,083,471	1,055,395	- 84,211
Restoration of civilian pay reduc- tion			33,600	+ 33,600
Consultants		- 10,000	- 2,000	- 2,000
Inflation estimates for fiscal year 1986		- 4,000	- 4,000	- 4,000
Prior year/inflation savings		- 104,000	- 89,000	- 89,000
NATO cooperative R&D			50,000	+ 50,000
Other programs		- 5,000	58,470	+ 58,470

The budget activities and programs funded under this appropriation are discussed below. These activities and programs require annual authorization prior to appropriations pursuant to the provisions of section 412(b) of Public Law 86-149, as amended.

TECHNOLOGY BASE

The recommended program includes \$849,412,000 for technology base. This activity finances basic research and exploratory development with the primary objective of increasing the store of fundamental scientific knowledge adaptable to the solution of widely varying future Army requirements. A strong technology base is needed in order to (1) maintain technological superiority in military weapons, thus offsetting adversary numerical advantages, (2) avoid technological surprise that could cause premature obsolescence of major weapons systems, and (3) lead to acquisition of effective but less costly capabilities by using innovative products built on new technology.

The Committee recommends the following changes to the budget estimate in Army technology base programs:

Defense research sciences.—The Committee recommends an appropriation of \$235,000,000 for defense research sciences, a reduction of \$1,869,000 to the budget request. This small reduction is to be applied against 25 projects funded by the Defense Research Sciences Program of less than \$10,000,000. No reductions are recommended against the University Research Instrumentation Program, research on military diseases, or research on a scientific base for medical defense against biological warfare. These projects were fully justified to the Committee. However, nearly \$100,000,000 for smaller scientific projects was not fully justified.

AERONAUTICAL TECHNOLOGY

The Committee recommends an appropriation of \$30,000,000 for aeronautical technology, a reduction of \$1,171,000 to the budget request. The program was increased by \$2,522,000 over last year's projection for fiscal year 1986 to be consistent with OSD guidance and initiate a new, extensive Aircrew Aircraft Integration Program. The Committee's action would defer initiation of this program until fiscal year 1987.

SMALL CALIBER AND FIRE CONTROL TECHNOLOGY

The Committee recommends an appropriation of \$12,044,000 for small caliber and fire control technology, a reduction of \$750,000 to the budget request. This program was increased by \$6,261,000 over last year's projection for fiscal year 1986 as a result of an OSD-directed add of \$1,500,000 for KE penetrator technology and a funding increase of \$4,900,000 for undepreciated value of R&D equipment purchased under the Army Industrial Fund Fast Payback Program. The Committee's action would reduce the OSD-directed KE penetrator technology effort by one-half to \$750,000. This should be a sufficient level of effort for the project in fiscal year 1986.

BALLISTICS TECHNOLOGY

The Committee recommends an appropriation of \$47,424,000 for ballistics technology, a reduction of \$1,000,000 to the budget request. The fiscal year 1986 Ballistics Technology Program includes initiation of a maneuvering projectile dynamics assessment for air defense roles. This includes development of 40 mm solid fuel ramjet for low time-of-flight munition for the Sergeant York division air defense gun (which has been terminated), as well as firing table technology for Army air defense systems.

The Committee believes these initiatives are potentially important to Army air defense systems but of lower priority in this tight budget year than other ongoing Army air defense technology efforts. The Committee recommends deferral of the maneuvering projectile dynamics assessments for air defense roles until fiscal year 1987, and denies all funds for the 40 mm solid fuel ramjet munition for the Sergeant York.

COMMUNICATIONS TECHNOLOGY

The Committee recommends an appropriation of \$19,403,000 for communications technology, a reduction of \$2,000,000 to the budget request. This year's budget estimate increased nearly 40 percent over last year's level to fund improvements in the Army's DCI (distributed command, communications and control and intelligence) development effort. Specific efforts included spread spectrum electronic countermeasures, frequency hopping and microcomputer programs, and fiber optic connectors. Other new developments will begin on a digital HF transceiver and millimeter wave communications for special forces.

The Committee believes these are important initiatives, and that the thrust of the Army's Communications Technology Program should be sustained. The small reduction made by the Committee still permits a 25-percent increase in the level of effort for the Army's Communications Technology Program over fiscal year 1985. The Committee notes that the Army intends to fund the program in fiscal year 1987 at approximately the same level of effort as recommended by the Committee this year. Future Army communications technology budget requests should emphasize program continuity.

ELECTRICAL AND ELECTRONIC DEVICES

The Committee recommends an appropriation of \$21,247,000 for electrical and electronic devices, a reduction of \$1,624,000 to the budget request. The fiscal year 1986 budget request was increased by this amount over last year's projection for the program in order to fund an increase for increased emphasis in full color display panelwork and acousto-optic processor work. Full color display panels will be demonstrated on a 3.5- by 4.7-inch test panel, thereby establishing a capability to fabricate color panels for all Army multicolor needs and fabricate a larger 10- by 12.6-inch panel for the all source analysis system.

The Committee is supportive of this important initiative but recommends that the Army fund it within last year's budget projection for the program, \$21,247,000. The Committee directs that the recommended reduction be applied against other projects within the Electrical and Electronic Devices Program not associated with full color display panelwork and acousto-optic processor work.

MAPPING-GEODESY

The Committee recommends an appropriation of \$9,635,000 for mapping-geodesy, a reduction of \$729,000 to the budget request. The fiscal year 1986 budget for mapping-geodesy was increased by \$1,458,000 as a result of increased emphasis on airland battlefield environment [ALBE] for terrain intelligence data acquisition systems and the transfer of research on temperate/tropical terrain effects on military operations from the Cold Regions Engineering Technology Program.

The Committee's action applies a general reduction against the ALBE projects.

HUMAN FACTORS ENGINEERING SYSTEMS DEVELOPMENT

The Committee recommends an appropriation of \$14,000,000 for human factors engineering systems development, a reduction of \$1,269,000 to the budget request. The Army proposed a budget increase of over 46 percent for this program in fiscal year 1986. A wide range of Army systems are now being evaluated in human factors test beds, to assess the man-machine interface of materiel under development to ensure that individual soldiers and crews can effectively use those systems.

Despite the importance of this work, the Committee does not believe the budget increase proposed by the Army is supportable this year. The

Committee's recommendation of \$14,000,000 still provides the Army with a 34-percent budget increase for the Human Factors Program over fiscal year 1985.

MOBILITY AND WEAPONS EFFECTS TECHNOLOGY

The Committee recommends an appropriation of \$12,000,000 for mobility and weapons effects technology, a reduction of \$1,363,000 to the budget request. The Army added \$4,653,000 to this program above last year's projection to initiate work to develop: methods to shield critical command and control facilities from the effects of kinetic energy weapons, as well as camouflage such facilities from target seeking devices; rapid methods for multiband camouflage of fixed installations; rapid methods of dust control; and prediction models for road net capacities.

The Committee recommends that the Army reduce its level of effort on these projects to no more than \$3,290,000 during fiscal year 1986. This level of funding should be sufficient to fund the highest priority initiatives, such as shielding of critical C³ facilities from the effects of KE weapons.

CLOTHING EQUIPMENT AND SHELTER TECHNOLOGY

The Committee recommends an appropriation of \$9,023,000 to clothing equipment and shelter technology, a reduction of \$1,514,000 to the budget request. The funding increase requested in fiscal year 1986 is to provide facial protection from shrapnel and low-energy lasers, preliminary work on a battle dress uniform that will provide chemical protection, and articulated body armor for ground troops. The Committee considers these new projects to be of lower priority than ongoing Army battlefield clothing research efforts, and directs that no more than \$1,000,000 be provided for those three initiatives during fiscal year 1986.

TACTICAL ADP TECHNOLOGY

The Committee recommends an appropriation of \$6,066,000 for tactical ADP (software) technology, a reduction of \$3,000,000 to the budget request. This program provides the base for new concepts and advances in tactical software technology for battlefield automated systems. It was not funded in fiscal year 1985, and the fiscal year 1986 budget request would concentrate R&D efforts on the integration of software technology concepts, techniques, and methodologies and algorithms into tactical C³ and computer programs.

The Committee recommends that the fiscal year 1986 level of effort for the program be returned to approximately that of the last full year for which the program was funded (fiscal year 1984).

MILITARY DISEASE HAZARDS TECHNOLOGY

The Committee recommends an appropriation of \$26,490,000 to military disease hazards technology, a reduction of \$2,500,000 to the budget request. This year's budget request was increased by \$6,500,000 in response to Department of the Army-directed efforts in medical defense against biological warfare (toxin countermeasures).

The Army proposes to expand its Medical Defense Against Biological Warfare Research Program from \$11,163,000 in fiscal year 1985 to \$18,321,000 in fiscal year 1986. This effort is of a defensive nature, and is geared toward development of vaccines and drugs that can counter low molecular weight toxins, anthrax, and viral hemorrhagic fevers. The program also involves experimental treatment of botulism.

The Committee supports the development of medical defense capabilities against biological agents, but is concerned that the Army has not prioritized its research efforts and is attempting to counter too many potential threat toxins. The Committee recommends that a total of \$15,821,000 be earmarked for the Army's medical defense against biological warfare project (A871) for fiscal year 1986.

CLASSIFIED PROGRAMS

The Committee recommends an appropriation of \$42,265,000 for classified programs in the technology base budget activity, a reduction of \$3,500,000 to the budget request. This will fully fund Army classified technology base programs at the level provided in the authorization.

ADVANCED TECHNOLOGY DEVELOPMENT

The recommended program includes \$484,477,000 for advanced technology development. This activity provides for exploration of alternatives and concepts prior to development of specific weapons systems. New technological developments are pursued which are not formally identified to specific operational requirements. This effort includes feasibility demonstrations of innovative concepts and emphasizes hardware competition and pursuit of alternate solutions to potential military problems. Particular emphasis is placed on demonstrating new concepts to provide improved land warfare capabilities in the 1980's and 1990's, including land and helicopter vehicles and related propulsion and electronics technology, land warfare target detection, acquisition and weapon technology, chemical/biological defense, training and personnel technology, and medical developments related to combat personnel.

The Committee recommends the following changes in the budget request for advanced technology development:

TERMINALLY GUIDED PROJECTILES

The Committee recommends an appropriation of \$11,000,000 for terminally guided projectiles, a reduction of \$6,409,000 to the budget request. The reduction is applied against project D232, the 155 mm fire and forget munitions project.

This year's budget request would revive the conventional geometry smart projectile [CGSP] for the 155 mm artillery round. CGSP uses a shape charged warhead and a maneuvering device to autonomously vector a projectile to impact on a target. This technical approach is similar to Copperhead, but is designed to develop a fire and forget capability in a projectile shorter and lighter than Copperhead, in order to reduce overall systems costs. Both CGSP and the SADARM approach (using sensor fuzed submunitions) are being developed for application to the 155 mm artillery round.

Last year the appropriations conference did not fund CGSP, and earmarked all \$5,000,000 appropriated in this program for the 155 mm SADARM Program. No work will be done during fiscal year 1985 on the 155 mm CGSP project. The Army proposes in the fiscal year 1986 program to initiate advanced development of CGSP with a program involving two competitors. During fiscal year 1986, design and testing of critical components will be initiated.

The Committee considers development of CGSP for the 155 mm artillery round to be of lower priority at this time than engineering development of the MLRS and 155 mm SADARM projectiles. Consequently, the Committee provides \$11,000,000 in fiscal year 1986 for CGSP, a reduction of \$6,409,000 to the budget request. The Committee believes that in the current budget environment the Army should proceed cautiously before transitioning this program to full scale development.

MISSILE/ROCKET COMPONENTS

The Committee recommends an appropriation of \$34,872,000 for missile/rocket components, a reduction of \$7,964,000 to the budget request. This is the Army's primary program for scaling up new missile and air defense radar concepts developed under exploratory development.

The two major efforts in this program are the fiber optics guidance and joint service imaging infrared seeker projects. The Army proposes to spend \$6,450,000 on the FOG missile and \$27,964,000 on the Joint Services I²R Seeker in fiscal year 1986. The FOG-M uses a fiber-optics link to acquire and attack high-value targets on the battlefield without exposing the launch position to direct fire. FOG-M can be installed on the high mobility, multipurpose wheeled vehicle. The principal application would be for light forces, and the Army proposes to build eight missile rounds and launch control systems for fiscal year 1987 field tests with the 9th Infantry Division. The Joint Services Seeker is being developed for potential application to both Hellfire and the FOG-M. The Army proposes to begin captive flight seeker tests in Hellfire in fiscal year 1986, as well as evaluate the seeker for integration into the FOG-M to verify flight operation at night.

The Committee is concerned that the FOG-M is being developed primarily for the use of Army light forces, and may not have across-the-board application to Army heavy divisions. To date, the Army has only

draft organizational and operational concepts for applications of the FOG-M to both light and heavy divisions. The House Armed Services Committee recommends accelerating FOG-M, but this Committee believes that such acceleration is not warranted until the Army has developed a firm set of requirements for the operational employment of this new missile concept. The Committee recommends a reduction of \$4,000,000 to FOG-M, and a reduction of \$3,964,000 to the Joint Services I'R project, to include costs associated with I'R Seeker/FOG-M integration.

AMMUNITION LOGISTICS

The Committee recommends an appropriation of \$1,000,000 for ammunition logistics, a reduction of \$1,035,000 to the budget request. This is a new program not projected for fiscal year 1986 in last year's budget.

The program would provide improved ammunition packaging, improved materials handling equipment and improved C' for integrated ammunition logistics systems. The fiscal year 1986 program would be directed toward assembling, testing, and demonstrating a projectile repack module in support of the new 155 mm field artillery projectile container, and also development of a deployment ammunition transportation system.

This is a relatively new effort, and the Committee believes it should be started in fiscal year 1986 at a lower level of effort.

TACTICAL COMMAND, CONTROL, COMMUNICATIONS, AND COMPUTER (C') INTEGRATION

The Committee recommends an appropriation of \$26,629,000 for the Tactical C' Integration Program, a reduction of \$5,145,000 to the budget request. This program provides the software and communications systems integration effort needed to provide efficiency of Army tactical C' systems.

The fiscal year 1986 program was increased by \$10,145,000 over last year's projection to accelerate the Ada system language to include automated systems tools and compilers. The Committee, in analyzing this year's budget requests, has focused on program accelerations as one area in which reductions will be made if program justification is insufficient. The Army has not made the case for accelerating the Ada system language in fiscal year 1986. The Committee proposes to reduce this effort by \$5,145,000, and directs the Army to report back on the requirement for the acceleration of the program before submission of the fiscal year 1987 budget request.

MANPOWER AND PERSONNEL

The Committee recommends an appropriation of \$15,000,000 for manpower and personnel, a reduction of \$1,938,000 to the budget request. The fiscal year 1986 manpower and personnel budget request is

up approximately 42 percent over 1985, due to an Army decision to emphasize quality of soldier life factors in its retention effort and research to support the Army family action plan. The Committee's review of the program shows that much of the work proposed in fiscal year 1986 is not directly related to these efforts, but merely involves greater use of computer-based manpower management systems. The Committee's reduction to the fiscal year 1986 budget request leaves a 25-percent increase in the program over fiscal year 1985.

ENGINEERING SYSTEMS

The Committee recommends an appropriation of \$1,950,000 for engineering systems, a reduction of \$1,500,000 to the budget request. This year's program was increased by \$3,000,000 to initiate field demonstrations in support of the U.S. Army Corps of Engineers Airland Battlefield Environment Program to provide tactical decision aids to the battlefield commander and to improve the quality of Army systems in the development cycle. The Committee supports initiative but prefers to start it at a lower level of effort due to budgetary constraints. The Committee agrees to fund one-half of the budget request for the Airland Battlefield Environment Program.

HUMAN FACTORS

Engineering applications.—The Committee recommends denial of the \$1,961,000 budget request for human factors engineering applications, a new start. This is yet another Army program to demonstrate near-term applications of robotics, in this instance for increased performance capabilities in traditionally labor-intensive logistics functions.

The Army proposes to develop a technology robotic demonstrator capable of autonomous identification, location acquisition, and movement of ammunition pallets. It will permit data to be gathered on human factors engineering issues related to soldier-robot interactions for a semiautonomous robot performing this function.

The Committee questions the priority of this program in relation to the balance of the Army's R&D requirements. In the coming budget squeeze, Army R&D resources will have to be directed toward highest priority programs.

Training/operational effectiveness.—The Committee recommends an appropriation of \$11,000,000 for human factors in training and operational effectiveness, a reduction of \$511,000 to the budget request. This year's budget request was 46 percent over 1985, providing for a wide range of human factors improvements. However, the Committee believes the thrust of this program can be sustained at a lower level of effort. It recommends that not less than one-half of the proposed reduction be applied against embedded training on the fiber optics guided missile [FOG-M] system, which the Committee has proposed for reduction in the Missiles/Rockets Components Program.

TEST MEASUREMENT AND DIAGNOSTIC EQUIPMENT DEVELOPMENT

The Committee recommends an appropriation of \$5,411,000 for test measurement and diagnostic equipment, a reduction of \$1,824,000 to the budget request. The Committee denies initiation of a new project start to carry out advanced development efforts to support military metrology calibration standards and microwave and millimeter wave standards. This project would subsequently expand far beyond the scope of the work identified for fiscal year 1986. The Committee recommends deferring this new start to fiscal year 1987, pending fuller Army justification of the scope of the outyear program.

TACTICAL ROBOTIC SYSTEMS

The Committee recommends an appropriation of \$10,000,000 for tactical robotic systems, a reduction of \$16,496,000 to the budget request. This year's budget request would continue funding for technology thrust integration, and initiate two project starts.

A/I robotic demonstrator is a proposed tactical robotic combat vehicle. Potential missions include NBC reconnaissance, IFF, and possible offensive roles. The Committee denied funding for this project in fiscal year 1985 out of concern for an overly ambitious operational concept that included offensive capabilities, such as directed energy weapons and air defense modules, and modules with the ability to acquire and designate smart munitions. The Committee provides \$3,000,000 for the fiscal year 1986 program, but directs that none of the funds be used for firepower or weapons module applications.

The other new start, VISTA technology demonstrator, is proposed to initiate field exercises to evaluate very intelligent surveillance and target acquisition concepts in brigade and smaller units. The Committee approves \$2,000,000 for this project.

The balance of the funding approved for this program line (\$5,000,000) is for the technology thrust integration project, which will provide the project 15 percent more than the fiscal year 1985 budget for the program.

ELECTRONIC WARFARE FEASIBILITY DEVELOPMENT

The Committee recommends an appropriation of \$7,243,000 for electronic warfare feasibility development, a reduction of \$1,400,000 to the budget request. This action denies an increase from last year's projection for the fiscal year 1986 program to fund development of a new laser source for Stingray technology insertion.

The Army has not sufficiently justified why a new laser source for Stingray is required. The program is proposed for transition to advanced development in fiscal year 1986. The Committee would prefer to see Stingray development proceed based on the previous baseline program. If the Army believes that a battlefield laser weapons system with greater capability is required, it should consider alternative systems.

NONTACTICAL ADP TECHNOLOGY

The Committee recommends deferring of a \$218,000 new program start, nontactical ADP technology. The Committee is not inclined to support another Army new start in fiscal year 1986.

STRATEGIC PROGRAMS

The recommended program includes \$229,657,000 for strategic programs. This activity provides for all research and development efforts on strategic offensive, defensive, and control systems.

Classified programs.—The Committee recommends an appropriation of \$198,743,000 for Army classified strategic programs, a reduction of \$6,000,000 to the budget request, in accordance with the authorization.

TACTICAL PROGRAMS

The recommended program includes \$2 076,023,000 for tactical programs. This activity provides for advanced engineering, and operational systems development efforts on all aspects related to all conflict levels of tactical warfare, with emphasis on land warfare, battlefield air mobility, and related combat support. This includes developments to improve the Army's capabilities in the combat missions of battlefield surveillance, close combat, aerial and surface fire support, field army air defense, and mine warfare, plus improved capability in the related support missions of air and surface mobility, logistics-personnel support, communications, command and control, navigation, position locating, electronic warfare, physical security, and chemical/biological defense.

The Committee recommends the following major changes to the budget estimate, in accordance with the authorization:

AIR MOBILITY SUPPORT

The Committee recommends an appropriation of \$8,379,000 to air mobility support, a reduction of \$7,093,000 to the budget request. This program provides for aviation support through advanced development in ground support equipment, cargo handling equipment, and aviation life support equipment.

The fiscal year 1986 program funds development and validation of helicopter battle damage repair kits, and development and validation of a series of aviation life support systems. A portion of the increase for this program over last year's projection for fiscal year 1986 is due to accelerated movement of integrated logistics support and logistics R&D programs to advanced development.

The Committee recommends decelerating the transition of logistics support and R&D programs out of exploratory development and into advanced development at this time. This is a major step, as the Army proposes to maintain this program at the \$14,000,000 to \$15,000,000 level each of the next 2 years. The Committee would prefer a more gradual ramp-up to that level than the plan proposed by the Army.

LIGHT HELICOPTER (LHX)

Advanced rotorcraft technology integration/LHX and aircraft propulsion systems.—The Committee recommends an appropriation of \$55,528,000 for ARTI/LHX and \$50,791,000 for aircraft propulsion systems, for a reduction of \$40,000,000 to the budget for these two LHX-related programs. The total amount of funding approved for LHX-related programs is \$106,319,000, for an increase of \$33,198,000 over fiscal year 1985.

The Army is developing a versatile multirole helicopter, known as LHX, to replace its aging fleet of 7,300 light helicopters, mainly UH/AH-1 and OH-58 aircraft, which constitute 85 percent of the entire Army helicopter force. By 1990, those helicopters will have an average age of 20-plus years.

With the vast majority of the Army helicopter force approaching the end of its service life by 1995, the Committee does not question the need for a new light helicopter, beginning in the 1990's. What concerns the Committee is that the cost of LHX could be underestimated—possibly by 25 percent or more, according to preliminary Defense Department estimates, and the program is still 5 years away from production. If the \$5,300,000 unit cost goal were breached, then LHX would cease to be competitive with available alternatives; and more importantly, the Army would be forced to reduce the quantity of aircraft to be procured and as a result would have to reduce the size of its helicopter force in future years.

For these reasons, the Committee is imposing limitations on the use of the funding provided for the LHX Program.

Of the \$106,319,000 recommended for the LHX Program, \$26,580,000 or 25 percent may not be obligated until the Secretary of Defense submits a report to the Committee certifying the accuracy of Army LHX cost estimates. That report shall be based on an independent assessment of Army cost estimates for LHX as well as for potential alternative programs, including those based on advanced technologies and commercial derivative aircraft. The independent cost analysis shall be conducted within the Office of the Secretary of Defense in accordance with legislation and departmental procedures governing major acquisition programs and shall include a validation of the following goals: (a) That the LHX helicopter can be procured for an average unit flyaway cost not to exceed \$5,300,000 in fiscal year 1984 dollars; and (b) that operation and support [O&S] costs of the LHX fleet will be 30 to 40 percent lower than the O&S costs of the helicopter fleet it will replace.

If the Secretary of Defense cannot submit the required certification by July 1, 1986, the LHX Program would be terminated on that date with no subsequent Government liability.

The Committee's \$20,000,000 reduction in LHX airframe development is based on eliminating the Army's plans for two costly full-scale developments.

The Army proposed continuation of LHX airframe development in fiscal year 1986, leading to initiation of full-scale development [FSD]

competition between two contractor teams in fiscal year 1987. During the course of Committee hearings on the Army Modernization Program, it was learned that the cost of keeping a second contractor team in the LHX Program through the FSD phase would be \$1,100,000,000 (fiscal year 1984 dollars) above a winner-take-all competition. This additional cost is largely responsible for the \$4,000,000,000 R&D price tag quoted to the Committee by the Army Chief of Staff for the LHX Program earlier in the year.

The Army contended that its plans to finance two competitors through FSD would hold down production costs. However, the Committee believes that LHX production costs can be reduced through other management actions—dual source procurement, economic production rates, perhaps multiyear procurement. In the view of the Committee, if LHX is continued into FSD, it should be restructured to select a winner prior to FSD, with funding currently programmed to support two contracting teams through FSD to be deleted. The Committee understands that this is now the Army development approach. Research and development dollars were simply becoming too scarce for the Army to justify this kind of up-front investment.

The Army requested \$70,791,000 for the continued competitive development of two T-800 advanced technology (1,200 shaft horsepower class) engines intended for, among its many other applications, the Army's new light helicopter family [LHX]. The Army intends to carry two T-800 engine teams through the preliminary flight rating stage of the LHX full-scale development.

While the Committee fully supported the initial competitive development approach of two engines, it feels that significant cost savings have already been achieved through a rigorous team concept competition. Therefore, the Committee directs the down selection to one engine development team in fiscal year 1986 following the Army's scheduled preliminary design review.

The Committee has therefore recommended a \$20,000,000 reduction in the budget estimate with the explicit assumption that the down selection to one engine development team will occur in fiscal year 1986. The Committee believes that this accelerated down selection decision will save money without impairing the competitive production process.

The Committee is concerned, along with its Armed Services Committee counterpart, that the goal of substantial commonality among a family of LHX helicopters (utility/attack/scout) may need to be revisited. Potentially less expensive military derivatives of existing commercial helicopters—such as the S-76—should be given serious consideration for meeting Army requirements, particularly in the utility role. The Committee directs the Army to provide it the report requested by the Senate Armed Services Committee, detailing LHX acquisition costs and alternative aircraft to perform LHX missions, no later than February 1, 1986.

Among the alternative candidates to be evaluated in any comparative analysis of costs and operational effectiveness that the Army conducts in

connection with the LHX Program, the Army shall also include candidates which are based on adaptation of existing military and civilian aircraft, tilt-rotor technology, and X-wing technology. Such analysis shall be completed before the Army makes a determination that there is a required operational capability for any such system. Furthermore, the Army shall consider the offensive antihelicopter capability of each candidate in the evaluation of the operational effectiveness of each candidate system.

As the Committee noted last year, the very goals which make LHX appear attractive—such as single pilot operation, low O&S costs and night-adverse weather capability—would seem to require more time, not more up-front money. The Committee's position has not changed. While it is not prepared to give up on LHX technology, acknowledging the difficulty and high payoff involved in the development effort, it does believe that changes should be made to the LHX Program.

AIRDROP EQUIPMENT DEVELOPMENT

The Committee recommends an appropriation of \$1,000,000 for airdrop equipment development, a reduction of \$877,000 to the budget request. The Committee's action defers initiation of development of a 1-ton capacity gliding decelerator container airdrop system and developmental and operational testing of a heavy drop rigging system. Should the Army consider these high priority items, they should be requested again in fiscal year 1987 with fuller justification.

ADVANCED ANTITANK WEAPON SYSTEM

The Committee recommends an appropriation of \$61,077,000 for the advanced antitank weapons system (AAWS-Medium), a reduction of \$20,000,000 to the budget request. AAWS-M, started in fiscal year 1985, is a man-portable, medium-range antitank weapons system designed as replacement for the Dragon system. It will provide dismounted infantry with a more survivable antitank system, capable of defeating the evolving Soviet armor threat. It will also allow operations in dirty battlefield and electro-optical countermeasures environments.

The Army is evaluating 6 candidate systems concepts for AAWS-M. The Committee recommends that the Army provide Congress in the fiscal year 1987 program with a program schedule with full-scale development milestones and dates of initial operating capability. The Committee is reluctant to approve full funding for AAWS-M in the absence of a firm funding and schedule profile.

The Committee directs that none of the funds appropriated for the AAWS-M Program be diverted for use in evaluating the 120 mm DARD system. The Committee further directs that the Army be relieved of the fiscal year 1985 legislative requirement to evaluate the 120 mm DARD.

LANDMINE/BARRIER SYSTEM

The Committee recommends an appropriation of \$23,000,000 for landmine/barrier systems, a reduction of \$5,424,000 to the budget request. This program was increased by \$11,339,000 over last year's projection for fiscal year 1986 to support major improvements to landmine/barrier systems research.

The fiscal year 1986 budget more than doubles the landmine systems [D005] and countermine and barrier systems projects, as well as proposing a new project start, explosive demolition systems. The Committee recommends deferral of the explosive demolition systems project, for a reduction of \$2,794,000 to the budget request. The Committee recommends that a total of \$2,630,000 be taken from the landmine systems and countermine and barrier systems, equally divided between the two projects.

SMOKE MUNITIONS AND MATERIEL CONCEPTS

The Committee recommends an appropriation of \$8,672,000 for smoke munitions and materiel concepts for a reduction of \$4,000,000 to the budget request. The reduction deletes funds proposed to accelerate incorporation of new technology into the XM52 large area screening system, a battlefield smoke generator. The Army proposes to transition the XM52 to full-scale development in fiscal year 1986. The Committee believes that it is premature to be taking the XM52 into FSD when at the same time new technology is being incorporated into the baseline system.

IFF EQUIPMENT DEVELOPMENT

The Committee recommends an appropriation of \$18,693,000 for IFF equipment development, a reduction of \$2,000,000 to the budget request. The Army increased the fiscal year 1986 budget for the program by \$5,032,000 over last year's projection to accelerate the development effort on positive hostile identification systems.

This proposed acceleration was not adequately explained to warrant Committee support of the entire fiscal year 1986 budget request. The Committee is generally supportive of service efforts to improve IFF capability, and will entertain a reprogramming action for this program, with the accompanying improved justification for an accelerated effort.

ELECTRONIC WARFARE VULNERABILITY/SUSCEPTIBILITY

The Committee recommends an appropriation of \$22,791,000 for electronic warfare vulnerability/susceptibility, a reduction of \$1,000,000 to the budget request. The Committee notes that the program description outlines a fiscal year 1986 effort that includes field experiments on smart munitions seekers and sensors for GAMP, a program the Army terminated last year. Also for funding is a battlefield ECM simulation modified for use with GAMP and verified through field measurements.

The Committee directs that no field experiments related to GAMP be funded in fiscal year 1986. It directs that the \$1,000,000 reduction be applied as a general reduction, but to include any funds earmarked for GAMP-related activities.

REMOTELY PILOTED VEHICLES

The Committee recommends an appropriation of \$16,000,000 for remotely piloted vehicles, a reduction of \$4,977,000 to the budget request. This program funds improvements to the RPV system, including night/adverse weather sensors using FLIRS, improved command and control of multiple air vehicles from a single ground station, survivability simulations and studies and also examination of alternate RPV concepts.

COMBAT SUPPORT EQUIPMENT

The Committee recommends an appropriation of \$25,363,000 for combat support equipment, a reduction of \$3,000,000 to the budget request. The Committee action would delete \$1,500,000 each from the combat engineer equipment [DG01] and POL distribution system [DK41] projects.

This year's budget request increased by 82 percent over last year's level for the program. This small reduction still permits a 62-percent increase. The Committee notes that the fiscal year 1986 budget for combat support equipment supported development of a tunnel detection system [TUDS] and automated pipeline equipment system [APES]. Should the Army consider these projects urgent requirements for its 1990's heavy forces, it should propose them again in fiscal year 1987 with fuller justification.

SOLDIER SUPPORT/SURVIVABILITY

The Committee recommends an appropriation of \$6,000,000 for soldier support/survivability, a reduction of \$657,000 to the budget request. The program was increased by nearly 49 percent over last year's level to support a \$2,065,000 increase in the clothing and equipment project.

The fiscal year 1986 program provided for further R&D on overboots, accessory items, hot water field heaters, space heaters, microclimate cooling systems, and outdoor mountain equipment. The Committee views these items as of lower priority than other critical Army R&D tasks, and recommends this small reduction to be applied generally against project D669, clothing and equipment.

DIVAD GUN SYSTEM

DIVAD termination.—Based on the decision by the Secretary of Defense to terminate development and production of the Division Air Defense [DIVAD] system, the Committee has deleted the \$43,176,000 budget estimate for fiscal year 1986 development work. The Secretary's decision and its impact on the budget are discussed in greater detail in the Army's weapons procurement section.

Air defense alternatives.—In a letter to the Committee on October 1, 1985, the Secretary of Defense underscored the need to pursue alternative systems to fill the Army air defense gap left by DIVAD termination. He proposed using unobligated prior year procurement appropriations for DIVAD to address this requirement.

Accordingly, the Committee recommends the transfer of \$176,000,000 in fiscal years 1985–87 appropriations to the Army RDT&E account for that purpose, and the Army is directed to supply the Committee a listing of candidate programs for development of alternative systems. It is the Committee's intent that specific project funding should be initiated through the reprogramming process, permitting full review by the Armed Services and Appropriations Committees.

The Committee understands the Army is reviewing a wide range of air defense alternatives to the canceled DIVAD gun: pedestal mounted Stinger, air-to-air Stinger, an improved Chaparral, classified programs, a fiber-optics missile air defense artillery demonstration, antitank helicopter ammunition, a Hawk phase II product improvement and other programs.

MOBILITY

The Committee recommends an appropriation of \$1,000,000 for mobility, a reduction of \$14,486,000 to the budget request. The Army proposed this program as a new start in fiscal year 1986 to provide a follow-on truck to the current 5-ton truck and to replace the 2½-ton truck. It also would involve testing of the HEMTT 10-ton truck prototype prior to the award of the next multiyear contract in fiscal year 1988.

The authorization reduction of \$10,000,000 was earmarked against the new concept 5-ton truck project, leaving the balance of funds in the program authorized for the 10-ton truck project. However, the Army's entire 10-ton truck program has been put on hold due to the Army's need to study its real requirements and alternatives in this area. These alternatives could include: development of a truck even larger than the 10-ton truck; feasibility of purchasing German 10-ton MAN trucks, thereby introducing competition into the 10-ton truck procurement program; the feasibility of developing a family of trucks of all tonnages around a common chassis type.

Given the instability in the current Army truck program, and the ongoing review of the Army's requirements in this area, the Committee is not inclined to recommend funding the entire authorization of \$5,486,000 for the program. Instead, it recommends appropriation of \$1,000,000 solely for the purpose of permitting an ongoing Army evaluation of its truck requirements.

The Committee expects the Army to report back its findings from this evaluation prior to submission of any future budget requests for R&D funding on truck development programs.

HELLFIRE

The Committee recommends an appropriation of \$3,392,000 to the Heliborne Missile—Hellfire Program, a reduction of \$2,821,000 to the budget request. This program involves development of missile test program sets for use with automatic test equipment to support unit and depot maintenance for the Hellfire missile. Also involved is research and development activity on electro-optical countermeasures hardened seekers, digital autopilots, increased lethality warheads and improved rocket motors.

The Committee recommends deferral of the TPS sets for an additional year, pending fuller Army justification of the program. Near-term work on the Hellfire should focus on the FOCM hardened seeker, the increased lethality warhead, and the improved rocket motor.

COUNTERMINES AND BARRIERS

The Committee recommends an appropriation of \$5,617,000 for countermines and barriers, a reduction of \$4,800,000 to the budget request. This reduction is applied against project D021, explosive demolitions, a new start.

The Army proposed initiating full-scale development on the linear chaped charge in fiscal year 1986 and develop a nonnuclear explosive antiarmor ditching system, called TEXS (tactical explosive system). The Committee considers these to be nonurgent Army RDT&E priorities, and recommends deferral until fiscal year 1987.

FIGHTING VEHICLE SYSTEM

The Committee recommends not funding the budget request of \$2,228,000 for the Fighting Vehicle System Program. The Committee recommends that the Army complete refurbishment of production vehicles used in R&D efforts within available fiscal year 1986 Army RDT&E funds. No appropriation is recommended for the program, which is not funded in fiscal year 1987.

FIELD ARTILLERY AMMUNITION

The Committee recommends an appropriation of \$52,790,000 for field artillery ammunition, a reduction of \$9,800,000 to the budget request. The Committee recommends a reduction of \$2,000,000 against 155 mm sense and destroy armor [SADARM] integration, and a reduction of \$7,800,000 against the light artillery guided projectile, a new project.

Generic SADARM provides for the engineering development of the SADARM submunition. The Army is proposing engineering development of SADARM submunitions for both the 155 mm howitzer and the multiple launch rocket system [MLRS]. A 6.9-inch SADARM submunition is proposed for MLRS; a 5.9-inch submunition is proposed for the 155 mm howitzer.

Last year the Committee noted that the Army Smart Munitions Program was in a state of disarray. After terminating the 8-inch SADARM Program on the grounds of cost-effectiveness, the Army revised its program around the guidance in the fiscal year 1985 continuing resolution, which provided that all fiscal year 1984 and fiscal year 1985 funds appropriated for SADARM be used for development of the submunition for the 155 mm howitzer.

Following the restructuring of the SADARM Program, which placed an emphasis on commonality of components for a generic submunition with various applications, the Army decided to apply the 6.9-inch submunition (which has been developed for the 8-inch howitzer) to the MLRS. The Army has made it clear to the Committee during 1985 that its top priority within the Generic SADARM Program is development of the 6.9-inch submunition for MLRS to meet a 1990-91 IOC. The Committee must note that the Army has portrayed SADARM in fiscal year 1986 in a somewhat different role than in previous years. Much more emphasis is now placed on the use of SADARM in a counter-battery role.

The Committee believes that SADARM's extensive subsystem and component testing has demonstrated proof of principle that justifies consideration for entry of the program into full-scale development. The dual mode [IR/MMW] sensor has been extensively tested in all kinds of climates and scenarios, having 75 hours of tower tests and 200 hours of helicopter flight time. Over 260 firings of the lethal mechanism (warhead) have been made. The two-stage decelerator/orientation and stabilization device was extensively tested in over 1,500 tests in vertical or horizontal wind tunnels. Critical components and subassemblies have been tested in 25 rail gun tests and 31 elevated gun tests. The proposal by the House to extend advanced development of SADARM another year introduces unnecessary additional costs (totaling \$36,000,000) and delays into the program. Extended AD full-up round testing may not necessarily give greater assurance of SADARM's readiness for FSD, and would be wasted if the program is ready for FSD in fiscal year 1986.

The Committee is impressed with the progress made by the Army in the SADARM Development Program. In the view of the Committee, the fiscal year 1986 DOD antiarmor master plan supports continuation of the Generic SADARM Program. However, fiscal year 1986 funds are not to be obligated until the Secretary of the Army certifies to the Appropriation Committees of the House and Senate that SADARM has successfully demonstrated proof-of-principle, and is ready for full-scale engineering development.

The Committee recommends that the \$43,000,000 proposed for transition of SADARM to engineering development be fully funded within this limitation. The Committee is supportive of the Army decision to carry two developers through full-scale development, and believes that this would help the Army maintain a competitive posture on the program for as long as possible, and lower the overall technical risk in the

program. The Army has informed the Committee that the cost to carry two developers through FSD is estimated at \$60,000,000.

The Committee strongly recommends that the more mature 6.9-inch submunition for MLRS be fully funded and kept on schedule. The Committee is of the opinion that the Army should not be outranged and should develop longer range capabilities for this submunition before it moves forward on the 155 mm integration effort. The Committee provides the full \$43,000,000 for SADARM submunition development, \$3,000,000 for MLRS integration, but denies \$2,000,000 for 155 mm howitzer integration.

The Committee recommends denial of \$7,800,000 for the light artillery guided projectile, which supports development of a quick modification of the current 5-inch guided projectile for adaptation to the 155 mm howitzer. The Committee questions the requirement for starting this activity in fiscal year 1986. It would prefer to see a shorter development effort to be funded beginning in fiscal year 1987.

UNATTENDED GROUND SENSORS

The Committee recommends denial of the budget request of \$2,940,000 for unattended ground sensors. This program is proposed as a follow-on engineering development effort to product-improve REMBASS unattended ground sensors, by making them smaller in size and weight for increased portability, and also air or artillery deliverable. The program runs concurrently with the REMBASS procurement effort, which started in fiscal year 1985.

The Committee recommends denial of the REMBASS improvement start on the grounds that the program is excessively concurrent with the baseline REMBASS Procurement Program. The Committee notes that the Army description of the program indicates that REMBASS is an \$86,486,000 R&D program. The Committee directs the Army to provide it with a report on the R&D progress of REMBASS, which evaluates the requirement for the product improvements proposed here, no later than May 1, 1986.

AIRCRAFT SURVIVABILITY

The Committee recommends an appropriation of \$22,000,000 for aircraft survivability, a reduction of \$2,777,000 to the budget request. The fiscal year 1986 program was increased by nearly five-fold to provide for continued development of the AN/ALQ-136 radar jammer, training devices, and radar interferometers. Also to begin in fiscal year 1986 was full-scale development of AN/ALQ-136 monopulse and digital radio frequency submodules for application to SEMA and scout/attack aircraft, and FDS on the APR-39A radar warning receiver upgrade for SEMA and a radar frequency expendable decoy.

The Committee recommends deferral of engineering development on the radar frequency expendable decoy, and a general distribution of the balance of the reduction against the training device and radar interferometer projects. No funds should be taken from the AN/ALQ-136

radar jammer development project or the monopulse and digital radio frequency submodules.

COMBAT CLOTHING, FEEDING, AND EQUIPMENT

The Committee recommends an appropriation of \$5,000,000 for combat clothing, feeding, and equipment, a reduction of \$1,461,000 to the budget request. The fiscal year 1986 budget request for this program more than doubled to support a wide range of Army development efforts in the area of combat clothing, equipment, rations, and food service. The Committee believes that a small reduction can be taken to slow the pace of the improvements, without altering the central thrust of the program. However, the Committee directs the Army to cease all research and development on biodegradable paper plates.

GENERAL COMBAT SUPPORT

The Committee recommends an appropriation of \$14,298,000 for general combat support, a reduction of \$524,000 to the budget request. The Committee would deny a new project start, container distribution equipment. This project is proposed to support development of flatracks, containers, and a load handling mechanism in support of the palletized loading system [PLS]. The PLS was to be integrated into Army trucks as a part of the Mobility R&D Program, which the Committee has not funded. The Committee, therefore, recommends deferral of the PLS project until future years.

AUTOMATIC TEST EQUIPMENT

The Committee recommends an appropriation of \$16,310,000 for automatic test equipment, a reduction of \$5,000,000 to the budget request. The reduction is applied against the intermediate forward test equipment project. This project is proposed for engineering development, but the Army has not provided the Committee with a total estimated development cost for the program. The Committee directs the Army to provide a total development cost for the project prior to the fiscal year budget submission.

MEDIUM ANTITANK WEAPON

The Committee recommends an appropriation of \$2,000,000 for the medium antitank weapon, a reduction of \$1,842,000 to the budget request. The purpose of this program is to provide optical improvements to the Dragon day tracker and the Dragon night tracker, particularly in the areas of hardening against electro-optical threats.

The Committee approves \$2,000,000 for the program, and suggests that the Army fund the balance of fiscal year 1986 requirements within available Army RDT&E resources.

EQUIPMENT UPGRADE

The Committee recommends an appropriation of \$30,805,000 for equipment upgrade, approving the entire budget request. This year's program provided \$21,858,000 for the 105 mm howitzer ammunition project. The Army proposes to develop three new rounds and a new propellant charge for the 105 mm howitzer, which will be used as the direct support artillery weapon for the new light divisions.

The new rounds to be developed include: a rocket-assisted projectile [RAP], a dual purpose improved conventional munition [DPICM] and a new high explosive fragmentation round. The new propellant charge will increase the range of all three of the rounds, giving the 105 mm howitzer a capability to fire these projectiles at ranges from 15 to 20 kilometers.

The Army proposed a \$5,400,000 reprogramming for fiscal year 1985 to accomplish work to complete preliminary design and initial hardware fabrication of the rocket-assisted projectile. This reprogramming was denied by Congress. Consequently, the funds requested in the fiscal year 1986 budget request cannot be used to fully support the 105 mm Howitzer Ammunition Program as previously planned. The Committee provides \$21,858,000 for the program, but directs the Army to provide it with a revised schedule of program milestones and objectives with the fiscal year 1987 budget request.

ACAP

The Committee recommends \$2,500,000 for the Advanced Composite Airframe Program [ACAP], an unbudgeted item. The additional funds will be used to conduct static and fatigue testing of full-scale Advanced Composite Airframe Program airframes to determine the characteristics of ACAP ultimate limits and to evaluate the airframe when it is subject to fatigue and vibratory loading. The testing would be used to verify ACAP designs, structural characteristics, and life enhancements. The effects of the environment on ACAP airframes will also be evaluated to include both temperature, lightning, acoustic, and moisture effects.

CLASSIFIED PROGRAMS

The Committee recommends an appropriation of \$540,056,000 for classified Army tactical programs. The explanation for this recommendation, a reduction of \$75,810,000 to the budget request, is found in the classified annex of the Committee report.

INTELLIGENCE AND COMMUNICATIONS

The recommended program includes \$99,135,000 for intelligence and communications. This activity provides for advanced, full scale engineering and operational systems development efforts in intelligence, worldwide communications, and other defensewide mission support.

SATCOM ground environment—The Committee recommends an appropriation of \$59,555,000 for SATCOM ground environment, an

increase of \$32,800,000 to the budget request and House allowance. The additional funds will be used to augment the single channel objectives tactical terminal [SCOTT] engineering development program.

In March 1985, the Army restructured the SCOTT program from an initial limited rate production to an engineering development program. The revised SCOTT program provides for a single engineering development contract with directed development of selected, critical, high risk, and cost components from more than one source. Fifteen terminals will be provided for development/operational test II and a demonstration of producibility in fiscal year 1988.

MAPPING AND GEODESY

The Committee recommends an appropriation of \$3,225,000 for mapping and geodesy (63712A), a reduction of \$980,000 to the budget request. The Committee would defer a project not funded in fiscal year 1985, field Army mapping. The Committee sees no need to provide budgeted funds for this small project, which is to be completed in fiscal year 1986. It recommends that the Army accomplish final design of QRMP hardware within available Army funds appropriated for fiscal year 1986.

The Committee recommends an appropriation of \$2,254,000 for mapping and geodesy (64716A), a reduction of \$1,176,000 to the budget request. The Committee would defer a fiscal year 1986 new start project, vehicular navigation aids system [VNAS], a system to provide the vehicle commander with heading and position information to aid in performing land navigation functions under all battlefield conditions.

The Committee questions the Army requirement for the VNAS system. VNAS's only major functional asset appears to be that it provides the vehicle commander with heading and position information without requiring the vehicle to stop. This appears to the Committee to be a "nice-to-have capability," but not an urgent Army requirement.

The Committee recommends termination of the VNAS project.

DEFENSEWIDE MISSION SUPPORT

The recommended program includes \$1,055,395,000 for defensewide mission support. This activity provides for efforts directed toward support of installations or operations required for use in general research and development and not allocable to specific missions. Included are technical integration efforts, technical information activities, major test ranges, test facilities and general test instrumentation, target development, support of user test, international cooperative research and development, and other research and development support.

The Committee has recommended the following reductions in Army defensewide mission support programs in conformance with the authorization:

TARGET MISSILES

The Committee recommends an appropriation of \$4,000,000 for target missiles, a reduction of \$2,051,000 to the budget request. The Army added \$6,051,000 to this program line over last year's projection for the program for the development of full-scale helicopter targets in support of air defense missile and gun weapon system R&D tests, and for the development of common infrared and gunnery tow targets.

The fiscal year 1986 program goal is to complete the IR and gunnery tow targets and start development on a MQM-107 target system. The helicopter target R&D effort will not be completed until after fiscal year 1986.

The Committee recommends that the Army complete the IR and gunnery tow target efforts with the funds provided for this program in fiscal year 1986. It recommends that any reduction applied against the program be made against longer term development efforts, such as the helicopter target.

NSTD DEVELOPMENT

The Committee recommends an appropriation of \$4,901,000 for non-systems training devices [NSTD] development, a reduction of \$962,000 to the budget request. The Committee would defer for 1 year project A115, NSTD infantry. This new project start would support alternative training systems that would allow the capabilities of the Bradley fighting vehicle to be simulated in tactical engagement exercises.

The Committee does not consider this project to be of sufficient priority to warrant initiation in fiscal year 1986. Should the Army decide that it must be continued, and programs funds for its continuation in fiscal year 1987 and future years, the Committee will be willing to reconsider this position and examine future budget requests.

Engineering.—The Committee recommends an appropriation of \$40,636,000 for nonsystems training devices [NSTD] engineering, a reduction of \$3,000,000 to the budget request. The Committee would reduce the combined arms project by \$3,000,000.

The NSTD combined arms project supports the development of combined arms related to nonsystems training devices, such as automatic weapons effects signature simulators and signal intelligence/electronic warfare operator trainers. This funding request for this project nearly doubled over last year's appropriation, without sufficient explanation other than program continuation.

The Committee prefers to continue the program at a lower level of effort than proposed by the Army. Should the Army require a more vigorous effort than the \$15,525,000 provided for the project in fiscal year 1986 permits, it should fully outline the requirement for such a level of effort prior to the adoption of the fiscal year 1986 defense appropriations bill.

METEOROLOGICAL EQUIPMENT SYSTEMS

The Committee recommends an appropriation of \$4,859,000 for meteorological equipment systems, a reduction of \$1,588,000 to the budget request. The Committee would deny another new project start, automatic meteorological station. This weather system would automatically report weather parameters from locations throughout the division's zone of responsibility, and would consist of two master stations and 36 remote sensor/data transmission stations.

No additional information on this program was provided in the Army description of the program, including prospective acquisition costs. The Committee proposes deferring this new start until the Army fully justifies the requirement for the program and provides a total systems acquisition cost estimate to the Committee.

AVIATION ENGINEERING

The Committee recommends an appropriation of \$9,720,000 for aviation engineering flight activity, a reduction of \$2,000,000 to the budget request. The Committee would apply the reduction against the airworthiness qualification support project.

The airworthiness qualification support project is proposed to consolidate airworthiness RDT&E tasks previously performed by each agency which required test support for airworthiness qualification. A portion of the funds provided for the project will be used on new aircraft development qualification, such as for LHX and J VX. The Committee believes that it is premature for the Army to be conducting expanded qualification activity on these new aircraft development programs. The Committee directs the Army to absorb this reduction and carry these new aircraft qualification development activities at a lower level of effort.

DEVELOPMENT TESTING

The Committee recommends an appropriation of \$56,671,000 for support of development testing, a reduction of \$2,000,000 to the budget request. The Committee would decrease funding for the meteorological support to RDT&E activities project, which is proposed for a 50-percent budget increase in fiscal year 1986. The Army did not provide a sufficient rationale for expanding this project by more than 50 percent from fiscal year 1985 levels, other than that additional funding was needed to offset fiscal year 1985 reductions to the program. If the Army really required the fiscal year 1985 funds it requested for meteorological and atmospheric support activities, it should have submitted a fiscal year 1985 reprogramming request rather than attempt to recoup fiscal year 1985 reductions in the fiscal year 1986 budget.

The Committee will entertain a reprogramming request from the Army to fully fund this project in fiscal year 1986, provided the Army confirms that all outyear funding requirements are fully budgeted.

OPERATIONAL TESTING

The Committee recommends an appropriation of \$52,000,000 for support of operational testing, a reduction of \$2,855,000 to the budget request. The Committee would delete these funds from the Army Test Boards project, which supports the fixed and recurring costs of TRADOC operational test activities.

Fiscal year 1986 IOT&E support includes activities associated with the chemical agent monitor, light assault bridge, and the unmanned aerial vehicle delivered expendable noncommunications ECM device. Last year, the Army proposed converting 94 military spaces for the test board project over to civilian spaces.

The Committee recommends that the Army reduce its plans for IOTE support during fiscal year 1986 and seriously consider reverting a portion of the newly created civilian spaces back to military spaces.

THREAT SIMULATORS

The Committee recommends an appropriation of \$30,149,000 for threat simulators for testing, a reduction of \$6,000,000 to the budget request. The fiscal year 1986 Threat Simulators Program includes an acceleration of development of Soviet surface-to-air missile threat simulator systems and antiaircraft artillery threat simulators. Funds will be provided for simulators of SA-11 and SA-13 SAM systems, an acquisition radar and antiaircraft artillery.

The Committee considers this to be a high-priority program and very reluctantly agrees to this funding reduction, solely on budgetary considerations. The Committee notes that the fiscal year 1987 budget projection was only \$31,226,000, some \$5,000,000 below the fiscal year 1986 budget request. In future years, the budgeting for this program should be stable, without the ups and downs shown in the fiscal year 1986 budget request. Additional funding for this program in fiscal year 1986 would be considered in the form of a reprogramming action.

PROGRAMWIDE ACTIVITIES

The Committee recommends an appropriation of \$165,000,000 for programwide activities, a reduction of \$18,766,000 to the budget request. This program funds Army Command Headquarters support, general administrative activities, ADP equipment, and minor construction.

This program experienced a sizeable increase in fiscal year 1986 due to the decision by the Office of the Secretary of Defense to decapitalize the Armament R&D Command. Upon decapitalization, these activities converted from the Army industrial fund [AIF] funding to direct appropriation funding. Starting in fiscal year 1986, base operations and real property maintenance costs for the Armament R&D command are transferred to this program. A total of \$79,131,000 was transferred to this program to support the decapitalization of the Armament R&D Command.

The Army also added \$22,611,000 to the special purpose and automatic data processing equipment project to fund a modernization pro-

gram to begin replacement of its general purpose scientific and technical equipment inventory. This inventory backlog is now in excess of \$450,000,000.

The Committee recommends that a reduction of \$3,766,000 be applied against the Armament R&D Command and a reduction of \$15,000,000 be applied against the special purpose ADP equipment project.

DARCOM FACILITIES

The Committee recommends an appropriation of \$350,000,000 for DARCOM major range/test facilities, a reduction of \$23,054,000 to the budget request. The Army requested a 15-percent, \$50,000,000 increase for its DARCOM range/test facilities budget in fiscal year 1986. Included in this budget increase was a tripling of funding for the Dugway modernization project to \$30,038,000 in fiscal year 1986.

The fiscal year 1986 Dugway modernization project budget included requests of \$7,159,000 for direct test support and \$15,589,000 for test instrumentation. Much of the proposed funding increases are related to increased computer automation at Dugway. Only a very small portion (\$844,000) is related primarily, but not exclusively, for biological defense work.

The Committee has reviewed the workload of DPG for fiscal year 1986, and does not believe that it justifies a threefold increase in the Dugway modernization budget. An April 2, 1985, Army information paper indicated that only three chemical items start testing in fiscal year 1986. RDT&E testing man-hours remain relatively flat in fiscal year 1986 and fiscal year 1987, only to begin increasing in fiscal year 1988.

Consequently, the Committee does not believe that the entire budget request of \$30,038,000 for Dugway modernization is warranted. It recommends a total of \$15,000,000, an increase of 50 percent over fiscal year 1985. The Committee recommends that the balance of the reduction recommended for the program line item be applied against Army AMC ranges and test facilities. The Committee is supportive of the upgrade of Dugway Proving Ground to support chemical and biological defensive testing of military equipment.

The Committee directs that no funding provided for this program be reprogrammed for tests using genetically engineered agents or toxins. The Army notified the Committee that Dugway has not been tasked to conduct such work, but that "it is possible that a need for such work may arise in the future." If the Army ever foresees a need for such R&D, it should notify Congress through the formal budget process.

OTHER ADJUSTMENTS

Consultants, studies, and analyses.—The Committee recommends a reduction of \$2,000,000 against Army consultants, studies, and analyses.

General reduction.—The authorization act allotted a general reduction of \$10,000,000 against RDT&E Army. The Committee has not taken this general reduction, preferring to distribute it against specific programs within the RDT&E account.

Reductions proposed by the Office of the Secretary of Defense.—The Committee proposes the following reductions to the fiscal year 1986 budget, based on recommendations from the Office of the Secretary of Defense.

Prior-year inflation savings.....	— \$40,000
(Prior-year transfer).....	(+ 40,000)
Inflation estimates for fiscal year 1986.....	— 4,000
Prior-year program savings.....	— 49,000
(Prior-year transfer).....	(+ 49,000)

ITEMS OF SPECIAL INTEREST

Army TACMS.—The Committee recommends an appropriation of \$130,000,000 for the (Army) tactical missile system [TACMS] program, a reduction of \$24,805,000 to the budget request. This recommendation is in accordance with the congressional authorization for the Army TACMS.

The Army TACMS is a long-range ground-launched ballistic missile system designed to attack second echelon targets, C3 sites and SSM sites beyond the range of cannons, artillery, and rockets. The Army program calls for development of a missile capable of placement into an MLRS rocket launcher. The current program includes provisions for development of an infrared terminally guided submunition [IR-TGSM], but also a family of warheads.

The Army plans on awarding an FSD contract for Army TACMS during fiscal year 1986. The proposed development program makes maximum use of proven technology from the assault breaker and corps support weapons systems efforts. The technical risk involved in the propulsion, guidance, and control and warhead portions of the program is considered low, due to this evolutionary development approach.

DIVAD C2

The Committee recommends an appropriation of \$33,040,000 for the Division Air Defense Command and Control Program, approving the entire budget request. This program supports the development of an automated system to provide command, control, and cueing information to short-range air defense [SHORAD] weapons and alerting information to other divisional elements.

An automation of SHORAD command and control is an urgent requirement, considering the marginal performance of current manual systems. The Committee is encouraged that the Army is attempting to synchronize the development efforts of its five major command and control systems—SHORAD C2 (air defense), AFATDS (fire control), ASAS (intelligence/EW), TCT/TCS (maneuver), and TACCS (combat service support). The Committee encourages the Army to continue its efforts to lead to a coherent overall system with intra/inter operability of systems components.

AFATDS

The Committee recommends an appropriation of \$35,574,000 for the advanced field artillery tactical data system, the entire budget request. The AFATDS is a developmental system to replace the increasingly obsolete field artillery tactical fire direction system [TACFIRE].

The Committee notes that the Army's modified AFATDS plan provides a restructured program that will give a viable capability to the light divisions in the near term, block improve the currently fielded fire control system, and provide for the development of the fire support segment of the Army's command and control system [ACCS]. The Army is pursuing an acceptable technical risk AFATDS Program in a competitive environment through the use of ADA language, parallel processing, and nondevelopmental items currently available in the commercial marketplace.

In addition, the Army plan maximizes the current fielded system capabilities and provides an orderly transition from concept to an operational AFATDS system. The Committee fully supports the Army's AFATDS modified plan as it is the only viable and sensible approach to satisfying the processing, data distribution, and interoperability requirements of the Army's command and control system. The Committee approves the AFATDS Program as requested and directs that those funds be used only to implement the Army's program as outlined in their plan of September 6, 1985.

AFATDS will incorporate a series of communications and software/hardware improvements, making it a complete fire support process—command and control, and fire support—integrated into a single system. AFATDS fire support system functions will include: Fire support command and control, target generation and processing, field artillery tactical operations, support and sustainment, and field artillery technical fire directions. AFTADS link to division and corps—a distributed fire support architecture—make it an invaluable asset to Army air/land battle requirements in the 1990's.

REMOTELY PILOTED VEHICLES

The Committee recommends an appropriation of \$23,114,000 for remotely piloted vehicles, a reduction of \$6,900,000 to the budget request. This recommendation fully funds the authorization for the Army's Aquila RPV Program.

The Committee has supported the development of the Aquila for the past 4 years. The Aquila RPV is an unmanned flying drone which uses television and forward-looking infrared [FLIR] sensor technology to perform battlefield reconnaissance and target acquisition missions. The Aquila will provide Army artillery units video transmissions so that a forward controller can adjust fire for laser-seeking weapons, such as Copperhead.

Last year the Army restructured Aquila from a 70-month to a 79-month development program. This removed excessive concurrency from the Aquila development/production schedules. Since the restructuring

of the FSD program, Aquila developmental flight tests indicate that all performance objectives can be met within the 79-month FSD schedule. The Committee supports completion of the FSD program. For further comments on the Aquila, see the Army procurement section of the Committee report.

The Committee is encouraged that the Joint Chiefs of Staff has asked the Joint Requirements Management Board to review service requirements for reconnaissance drones and RPV's. In the view of the Committee, each of the military services has too many RPV and drone programs, and consolidation of development efforts around short-range, mid-range, and long-range requirements is a step in the right direction.

The Committee would encourage the JRMB also to assess the feasibility of common payloads and data links—and not just common air vehicles—as it reviews joint service RPV requirements. The Committee requests that the Office of the Joint Chiefs of Staff provide it with a progress report on the feasibility of joint service use of RPV/drone payloads and data links by no later than July 1, 1986.

GUARD/RESERVE UNIQUE R&D

The Committee recommends an appropriation of \$5,000,000 for Army Guard/Reserve unique R&D, an unbudgeted item. The additional funds for this program will be used to develop the Guard unit armory device full-crew interactive simulator trainer [GUARD FIST]. GUARD FIST is a Reserve component unique family of low-cost training devices for use at armories and Reserve centers. These simulators will provide gunnery or marksmanship training to tank crews, field artillery crews and forward observers, air defense soldiers, and infantry.

ACQUIRED IMMUNE DEFICIENCY SYNDROME RESEARCH

The Committee recommends \$52,600,000 to conduct basic research on the acquired immune deficiency syndrome [AIDS]. This item was neither addressed by the House nor included in the budget request. The Committee believes recent information on the spread of AIDS among military personnel makes it essential that funds be provided to begin research on this serious health hazard. It is now known that the U.S. military has a higher proportion of individuals who have been exposed to the disease than is thought to exist among the general American populace. One early study has shown that 4 of 74 soldiers (5 percent) tested at a venereal disease clinic in West Germany were exposed to AIDS. In general, it is becoming apparent that the general population is at risk to AIDS exposure. The potential of AIDS in the military is increased by the predominance of military personnel living or traveling abroad in areas where AIDS is prevalent.

For these reasons the Committee has worked with experts in the health fields and the Defense Department to design a research program which it believes will begin to examine those areas which are of particular concern to the military. The Committee proposal provides \$52,600,000 to be used for in-house and contracted research. The Army will

study the natural history of AIDS [HTLV-III] infection, virus and immune response, chemoprophylaxis and vaccine prevention efforts, and AIDS transmission. In addition, the Committee recommends the Army study the developments of new drugs which may prove to be more effective in detecting positive AIDS exposure.

The Committee recognizes the infusion of funding for this program will create some management problems within the Army Medical Research Command. The Committee believes the Army should have flexibility in managing these funds, but in no case does the Committee believe funds should be used for any other purpose. There is particular concern that funds may not be obligated as quickly as Army policy provides for research programs. The Committee hopes the Army will recognize the uniqueness of this program and allow the required leniency in its management.

A second concern is the Army's requirement for personnel to manage this new effort. The Committee hopes the Army will make the internal adjustments required to allow for necessary levels of personnel to be available to manage and execute this program.

The Committee wants it to be clear this effort is in no way targeted at any one group of individuals. Rather, it is clear the military has a potentially hazardous health problem which could rapidly spread through the military population. It is hoped this program will lead the military to a better understanding of this significant health crisis and to finding a method to solve the serious military problems which could result from AIDS. The Committee believes additional funding will be required for future research efforts and expects the military services to budget accordingly.

SPECIAL OPERATIONS AVIONICS PACKAGE FOR UH-60A

As a result of a recent Defense Department decision, the Army is assuming primary responsibility for the helicopter portion of the special operations mission. Consistent with that decision, the Army is planning to develop a variant of the UH-60A helicopter for the special operations mission that will be equipped with an avionics system comparable to the one developed by the Air Force for the HH-60A aircraft for the same mission. Such a program, if initiated by the Army, would be wasteful and duplicate the development work already undertaken by the Air Force. For this reason, the Committee directs the Army to adapt the Air Force HH-60A avionics package for its purposes to the maximum extent possible.

ARMY MAINTENANCE AND MANUFACTURING TECHNOLOGY PROGRAM

The Committee strongly recommends that the machining systems manufacturing technology program be fully funded by the Army's Maintenance and Manufacturing Technology Program. The machining systems diagnostics system will cut M-1 tank production costs, improve quality, and increase surge capacity in the event of mobilization. The Committee recognizes that the TACOM MMT Office has found the

cost of the machining systems diagnostics system acceptable, and that implementation of this program would pay for itself in 3 years.

M1E1

The Committee recommends an appropriation of \$18,898,000 for M1E1 development, an increase of \$15,000,000 to the budget request. This increase is for test and evaluation of a transverse mounted engine/transmission for the M-1 battle tank.

The Committee understands that a transverse mounted engine propulsion system for the M-1 tank could improve overall M-1 fuel economy, operating range, and weapons carrying capacity. The \$15,000,000 appropriation will provide for an 18-month program to produce a demonstration vehicle for field testing that would last approximately 6 months.

The Army currently has no plans to incorporate a transverse mounted engine into the M-1 tank. It has informed the Committee that in the ordering of its priorities, there are many other unfunded projects of greater need than improving the AGT-1500 engine. Mounting the powerplant transversely requires changes in the accessory gear box, transfer gear box, air filtration system, cooling system, fuel system, and accessory drives. Given the scope of the changes involved in the program, and the additional logistics requirements that would arise with the introduction of this change, the Committee concurs with the Army's position about moving slowly on incorporating these costly changes into production M-1's.

However, it expects a full and fair evaluation of the TME effort. It directs the Army to conduct this test and evaluation promptly in accordance with the authorization for the program. The Committee's support of test and evaluation of the TME for the M-1 tank does not imply any commitment to incorporate this change into future M-1 production tanks.

CERAMIC ROTARY VALVES

The Committee recommends an appropriation of \$870,000 for ceramic rotary valves, an unbudgeted item. The development of ceramic elements for rotating valves has application for use in automotive and combat vehicle propulsion systems as an alternative to the conventional poppet valve. Test results from the first Army contract will be available in late 1985, from which the Army will make a decision to proceed with research and development of a multiple-cylinder engine using this technology. None of these funds are to be obligated or expended until the Army notifies Congress as to the success of the current single engine contract, and its intention to proceed with the multiple-cylinder effort.

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
RESEARCH DEVELOPMENT TEST & EVAL: ARMY					
TECHNOLOGY BASE					
IN-HOUSE LAB INDEPENDENT RESEARCH.....	25,280	25,280	25,280	---	---
DEFENSE RESEARCH SCIENCES.....	236,869	220,180	235,000	-1,869	+14,820
UNIVERSITY RESEARCH INITIATIVES.....	6,126	6,126	6,126	---	---
MATERIALS.....	12,380	12,380	12,380	---	---
ATMOSPHERIC INVESTIGATIONS.....	6,896	5,000	6,396	-500	+1,396
NUCLEAR WEAPONS EFFECTS/FLUIDICS.....	8,461	8,461	8,461	---	---
AIRCRAFT WEAPONS TECHNOLOGY.....	3,321	3,321	3,321	---	---
AIRCRAFT AVIONICS TECHNOLOGY.....	9,766	9,000	9,000	-766	---
AERONAUTICAL TECHNOLOGY.....	31,171	26,771	30,000	-1,171	+3,229
AIRDROP TECHNOLOGY.....	2,061	2,061	2,061	---	---
MISSILE TECHNOLOGY.....	31,504	26,504	31,504	---	+5,000
LASER WEAPON TECHNOLOGY.....	21,392	21,392	21,392	---	---
TANK AND AUTOMOTIVE TECHNOLOGY.....	22,226	22,226	22,226	---	---
SMALL CAL AND FIRE CNTRL TECHNOLOGY.....	12,794	11,294	12,044	-750	+750
BALLISTICS TECHNOLOGY.....	48,424	43,424	47,424	-1,000	+4,000
CHEMICAL AND SMOKE MUNITIONS.....	14,062	14,062	14,062	---	---
JOINT SERVICE SMALL ARMS PROGRAM (JSSAP).....	6,542	5,542	6,542	---	+1,000
COMMUNICATIONS TECH.....	21,403	16,403	19,403	-2,000	+3,000
COMBAT SURVEILL TARGET ACQUIS & IDENT.....	4,407	4,407	4,407	---	---
NIL ENVIRONMENTAL CRITERIA DEV.....	3,096	3,096	3,096	---	---
ELECTRICAL AND ELECTRONIC DEVICES.....	22,871	21,371	21,247	-1,624	-124
CHEM BIOLOGICAL DEF / GEN INVEST.....	41,724	39,724	39,724	-2,000	---
MAPPING - GEODESY.....	10,364	8,064	9,635	-729	+771
NIGHT VISION INVESTIGATIONS.....	22,077	20,577	22,077	---	+1,500
HUMAN FACTORS ENG SYS DEV.....	15,269	14,269	14,000	-1,269	-269
HUMAN PERFORMANCE EFFECT/SIMULATION.....	6,780	5,280	5,323	-1,465	+35
MOBILITY AND WEAPONS EFFECTS TECH.....	13,363	12,300	12,000	-1,363	-300
ENVIRONMENTAL QUALITY TECH.....	8,912	8,912	8,912	---	---
MANPOWER/PERSONNEL/TRAINING.....	8,016	7,516	8,016	---	+500
CLOTHING EQUIP AND SHELTER TECH.....	10,537	10,537	9,023	-1,514	-1,514
JT SVC FOOD SYS TECH.....	6,432	5,932	6,432	---	+500
COMPUTER AND INFORMATION SCIENCE.....	2,216	2,216	2,216	---	---
HUMANSYSTEMS TRAINING DEVICES TECH (HSTD).....	5,103	5,103	5,103	---	---
COLD REGIONS ENGINEERING TECHNOLOGY.....	6,819	6,819	6,819	---	---
MILITARY FACILITIES ENGINEERING TECHNOLOGY.....	5,253	5,253	5,253	---	---
MOBILITY EQUIPMENT TECHNOLOGY.....	13,627	13,627	13,627	---	---
HEB DEFENSE AGAINST CHEM AGENTS.....	32,309	30,309	32,309	---	+2,000
TACTICAL ARP TECH.....	9,066	7,500	6,066	-3,000	-1,434
MILITARY DISEASE HAZARDOUS TECH.....	26,990	24,490	26,490	-2,500	+2,000
COMBAT CASUALTY CARE TECH.....	8,892	8,892	8,892	---	---
COMBAT MAXILLOFACIAL INJURY.....	2,167	2,167	2,167	---	---
SYSTEMS HEALTH HAZARD PREVENT TECH.....	19,461	19,461	19,461	---	---
ENERGY TECH APPL FOR MILITARY FACIL.....	2,230	2,230	2,230	---	---
CLASSIFIED PROGRAMS.....	45,765	42,265	42,265	-3,500	---
TOTAL, TECHNOLOGY BASE.....	876,432	812,552	849,412	-27,020	+36,860
=====					
ADVANCE TECHNOLOGY DEVELOPMENT					
MATERIALS AND STRUCTURES ADVANCED DEVELOPMENT.....	14,437	14,437	14,437	---	---
FUELS AND LUBRICANTS ADVANCED DEVELOPMENT.....	3,384	3,384	3,384	---	---
AIRCRAFT POWER PLANTS AND PROPULSION.....	21,833	19,833	19,833	-2,000	---
AIRCRAFT WEAPONS.....	6,946	6,946	6,946	---	---
AIRCRAFT AVIONICS EQUIPMENT.....	10,970	10,970	10,970	---	---
ROTARY WING CONTROLS/ROTORS/STRUCTURES.....	31,104	17,104	17,104	-14,000	---
SYNTHETIC FLIGHT SIMULATORS DEVELOPMENT.....	12,613	12,613	12,613	---	---
AIRDROP ADVANCEMENT.....	3,854	3,854	3,854	---	---
NHE AVIATION AND NAVIGATION EQUIPMENT.....	3,089	3,089	3,089	---	---
TERMINALLY GUIDED PROJECTILES.....	17,409	15,000	11,000	-6,409	-4,000
NHL/ROCKET COMPONENTS.....	42,836	18,912	34,872	-7,964	+15,960
BATTLEFIELD ENVIRONMENT SIMULATION.....	2,570	2,570	1,000	-1,570	-1,570

[In thousands of dollars]

	Budget estimate	House allowance	Committee recum- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
ARMY DEVEL & EMPLOYMENT ACTIVITY-ADEA.....	9,705	9,705	9,705	---	---
ADVANCED LAND MOB SYSTEMS CONCEPTS.....	16,474	16,474	16,474	---	---
LANDMINE WARFARE/BARRIER DEV.....	11,267	11,267	11,267	---	---
JOINT SERVICE SMALL ARMS PROGRAM (JSSAP).....	3,463	3,463	3,463	---	---
COMBAT VEHICLE PROPULSION SYS.....	14,967	12,000	11,967	-3,000	-33
CMBT VEH TURRET AND CHASSIS SUBSYS.....	17,036	17,036	17,036	---	---
COMBAT VEHICLE ARMOR/ANTI-ARMOR.....	11,363	11,363	11,363	---	---
ADV PROPULSION/LAUNCH SYS FOR MUN.....	8,233	8,233	8,233	---	---
AMMUNITION LOGISTICS.....	2,035	2,035	1,000	-1,035	-1,035
NIGHT VISION ADVANCED DEVELOPMENT.....	33,622	30,622	33,622	---	63,000
TAC CND CMMO & COMPUTER (C4) INTEGRATN.....	31,774	29,774	26,529	-5,245	-3,245
MANPOWER AND PERSONNEL.....	16,938	12,938	15,000	-1,938	62,062
ENGINEERING SYSTEMS.....	3,450	3,450	1,950	-1,500	-1,500
HUMAN FACTORS ENGINEERING APPLICATIONS.....	1,961	1,961	---	-1,961	-1,961
HUMAN FACTORS IN TNG/OPER EFFECT.....	11,511	9,011	11,000	-511	61,989
ADV ELECTRONIC DEVICES DEV.....	9,730	9,730	9,730	---	---
EDUCATION AND TRAINING.....	11,846	11,846	11,846	---	---
TRAINING SIMULATION.....	5,494	5,494	5,494	---	---
TEST MEASUREMENT & DIAGNOSTIC EQUIPMENT DEVEL.....	7,235	7,235	5,411	-1,824	-1,824
TECHNICAL VULNERABILITY REDUCTION.....	4,305	4,305	4,305	---	---
DEMILITARIZATION CONCEPTS.....	9,575	9,575	9,575	---	---
DOD SOFTWARE INITIATIVES (STARS).....	52,000	42,000	42,000	-10,000	---
TACTICAL ROBOTIC SYSTEMS.....	26,496	16,496	10,000	-16,496	-6,496
CB DEF/SMK ADV TECHNOLOGY DEMONSTRATIONS.....	3,045	3,045	3,045	---	---
ELECTRONIC WARFARE FEASIBILITY DEVELOPMENT.....	8,643	8,643	7,243	-1,400	-1,400
NONSYSTEMS MEDICAL MATERIAL DEVELOPMENT.....	16,221	16,221	16,221	---	---
MEDICAL CHEM DEFENSE LIFE SUPPORT MAT.....	22,612	22,612	22,612	---	---
NONTACTICAL ADP TECHNOLOGY.....	218	218	---	-218	-218
CLASSIFIED PROGRAMS.....	51,084	19,328	19,284	-31,800	-44
TOTAL, ADVANCE TECHNOLOGY DEVELOPMENT.....	593,348	484,792	484,477	-108,871	-315
=====					
STRATEGIC PROGRAMS					
WORLDWIDE MILITARY CNDICNT SYS INF SYS.....	30,914	30,914	30,914	---	---
CLASSIFIED PROGRAMS.....	204,743	198,743	198,743	-6,000	---
TOTAL, STRATEGIC PROGRAMS.....	235,657	229,657	229,657	-6,000	---
=====					
TACTICAL PROGRAMS					
AIR MOBILITY SUPPORT.....	15,472	11,472	8,379	-7,093	-3,093
JOINT SURVIVABILITY INVESTIGATIONS.....	900	900	900	---	---
ADVANCED ROTORCRAFT TECH INTEGRATION/LNL.....	75,528	15,000	55,328	-20,000	640,528
AIRDROP EQUIPMENT SYSTEMS.....	1,877	1,877	1,000	-877	-877
ANTI-TACTICAL MISSILE (ATM).....	62,760	62,760	62,760	---	---
SURF-TO-SURF HSL ROCKET SYS.....	30,622	30,622	30,622	---	---
WEAPONS AND AMMUNITION.....	798	798	798	---	---
ADVANCED ANTI TANK WEAPON.....	81,077	61,077	61,077	-20,000	---
LETHAL CHEMICAL MUNITIONS CONCEPTS.....	20,387	---	20,387	---	620,387
LANDMINE/BARRIER SYS.....	28,424	25,424	23,000	-5,424	-2,424
SMOKE MUNITIONS AND MATERIEL CONCEPTS.....	12,672	11,672	8,672	-4,000	-3,000
ARTILLERY/MORTAR AMMO DEVELOPMENT.....	10,157	10,157	10,157	---	---
TANK/FIGHTING VEHICLE AMMO DEVELOPMENT.....	5,734	5,734	5,734	---	---
MOBILE PROTECTED GUN PROGRAM.....	9,802	---	---	-9,802	---
ELECTRIC POWER SOURCES.....	11,258	11,258	11,258	---	---
PHYSICAL SECURITY.....	4,416	4,416	4,416	---	---
IDENTIFICATION FRIEND OR FOE EQUIP DEVEL.....	20,693	18,693	18,693	-2,000	---
AIRCRAFT SURVIVABILITY EQUIPMENT.....	9,611	8,611	8,611	---	---
ARMY DATA DISTRIBUTION SYSTEM (ADDS).....	38,016	38,016	38,016	---	---
ELECT MUNFR VULNERABILITY/SUCEPTIBILITY.....	23,791	23,791	22,791	-1,000	-1,000
CHEMICAL/BIO DETECTION WARN/SAHP MAT CONCEPTS.....	15,192	15,192	15,192	---	---
CNL BIO PROTECTIVE MATERIEL CONCEPTS.....	9,341	9,341	9,341	---	---

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
REMOTELY PILOTED VEHICLES/DROMES.....	20,977	16,000	16,000	-4,977	---
COMBAT SUPPORT EQUIPMENT.....	28,363	28,363	25,363	-3,000	-3,000
COMBAT MEDICAL MATERIAL.....	9,379	9,379	9,379	---	---
SINGLE CHANNEL GROUND/AIR RADIO SUB-SYS.....	2,265	2,265	2,265	---	---
SOLDIER SUPPORT/SURVIVABILITY.....	6,657	5,000	6,000	-657	+1,000
DRUG AND VACCINE DEVELOPMENT.....	16,932	16,932	16,932	---	---
MEDICAL DEFENSE AGAINST CHEM WARFARE.....	31,019	31,019	31,019	---	---
COMBAT SERVICE SUPPORT CONTROL SYS.....	980	980	980	---	---
AIRCRAFT WEAPONS.....	12,672	12,672	12,672	---	---
AIR MOBILITY SUPPORT EQUIPMENT.....	2,600	2,600	2,600	---	---
ADVANCED ATTACK HELICOPTER (AH-64).....	17,506	---	17,506	---	+17,506
AIRCRAFT PROPULSION SYSTEMS.....	70,791	70,791	50,791	-20,000	-20,000
SYNTHETIC FLIGHT TRAINING SYSTEMS.....	7,863	7,863	7,863	---	---
AIRDROP EQUIP DEVELOPMENT.....	3,141	3,141	3,141	---	---
ARMY HELICOPTER IMPROVEMENT PROG.....	6,802	6,802	6,802	---	---
AIRCRAFT COMPONENT IMPROVEMENT PROGRAM.....	16,158	16,158	16,158	---	---
STINGER.....	18,583	23,583	18,583	---	-5,000
PATRIOT (SAM-D).....	53,070	53,070	53,070	---	---
HELIBORNE MISSILE-HELLFIRE.....	6,213	6,213	3,392	-2,821	-2,821
HELLFIRE ON BLACKHAWK.....	---	20,000	---	---	-20,000
GRASS BLADE.....	10,878	10,878	10,878	---	---
DIVISION AIR DEFENSE GUN.....	43,176	---	---	43,176	---
JOINT TACTICAL MISSILE SYSTEM-ARMY (JTACS-A).....	154,805	130,000	130,000	-24,805	---
INFANTRY SUPPORT WEAPONS.....	24,003	18,603	24,003	---	+5,400
INFANTRY SUPPORT WEAPONS (PY TRANSFER).....	---	(5,400)	---	---	(-5,400)
MOBILITY.....	15,486	5,486	1,000	-14,486	-4,486
SHORE HUMINTS & MATERIEL.....	6,024	6,024	6,024	---	---
COUNTERLINE AND BARRIERS.....	10,417	6,870	5,617	-4,800	-1,253
COUNTERLINE AND BARRIERS (PY TRANSFER).....	---	(1,130)	---	---	(-1,130)
FIGHTING VEHICLE SYS.....	2,228	2,228	---	-2,228	-2,228
LANDMINE WARFARE.....	7,954	7,954	7,954	---	---
M1 E1 DEVELOPMENT PROGRAM.....	3,898	3,898	16,898	+15,000	+15,000
FIELD ARTILLERY AMMUNITION.....	62,590	27,722	52,790	-9,800	+25,068
105MM TANK AMMUNITION.....	1,543	1,543	1,543	---	---
COMM ENGINEERING DEV.....	10,716	10,716	10,716	---	---
JT TAC INFO DIST SYS (JTIDS).....	12,243	12,243	12,243	---	---
UNATTENDED GROUND SENSORS.....	2,940	1,000	---	-2,940	-1,000
MODULAR INTEGRATED COMM AND NAVIGATION SYS.....	5,007	5,007	5,007	---	---
RADIOLOGICAL DEFENSE EQUIPMENT.....	664	664	664	---	---
NIGHT VISION DEVICES.....	14,567	14,567	14,567	---	---
AIRCRAFT SURVIVABILITY EQUIPMENT.....	24,777	22,500	22,000	-2,777	-500
ARMY CMB AND CONTROL SYSTEM (ACCS) SYS ENGR.....	9,896	9,896	9,896	---	---
COMBAT FEEDING, CLOTHING AND EQUIPMENT.....	6,461	3,461	5,000	-1,461	+1,539
TACTICAL ELECTRIC POWER SOURCES.....	10,122	10,122	10,122	---	---
GENERAL COMBAT SUPPORT.....	14,822	14,822	14,298	-524	-524
PHYSICAL SECURITY.....	6,496	6,496	6,496	---	---
EDUCATION AND TRAINING.....	6,611	6,611	6,611	---	---
SPECIAL PURPOSE DETECTORS.....	3,256	3,256	3,256	---	---
CNC BIO DETECTION WARNING & TRG MATERIEL.....	23,081	23,081	23,081	---	---
CHEM BIO PROTECTIVE MATERIEL.....	15,585	15,585	15,585	---	---
COMMAND AND CONTROL.....	5,799	5,799	5,799	---	---
REMOTELY PILOTED VEHICLES.....	30,014	23,114	23,114	-6,900	---
DIVISION AIR DEFENSE COMMAND AND CONTROL.....	33,040	33,040	33,040	---	---
AUTOMATIC TEST EQUIPMENT DEVELOPMENT.....	21,310	21,310	16,310	-5,000	-5,000
SINGLE CHANNEL GROUND/AIR RADIO SUB ENG.....	12,874	12,874	12,874	---	---
MEDICAL CHEMICAL DEFENSE LIFE SPT MAT.....	7,680	7,680	7,680	---	---
DRUG AND VACCINE DEVELOPMENT.....	10,497	10,497	10,497	---	---
JOINT SURVEILLANCE/TARGET ATTACK RADAR SYSTEM.....	43,818	33,818	43,818	---	+10,000
JT INTEROP OF TAC CMB & COMB SYS (JINTACCS).....	8,381	8,381	6,481	-1,900	-1,900
JT CB CONTACT POINT TEST AND ASSESSMENT.....	2,402	2,402	2,402	---	---
HW ARTI-TANK ASSAULT WPN SYS (TOW).....	11,836	11,836	11,836	---	---
ARMY FIELD ARTILLERY TACTICAL DATA SYSTEM.....	35,574	10,000	35,574	---	+25,574
M1D ARTI-TANK ASSAULT WPN (M).....	3,842	3,000	2,000	-1,842	-1,000
CHAMPARAL.....	17,666	17,666	17,666	---	---
SAH HAWK/HAWK IMP PROG.....	5,212	5,212	5,212	---	---

[in thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
COMBAT VEHICLE IMPROVEMENT PROGRAM.....	72,743	65,000	65,000	-7,743	---
MANEUVER CONTROL SYSTEM (MCS).....	8,636	8,636	8,636	---	---
ISSM SELF-PROPELLED MONITOR IMPROVEMENTS.....	26,105	26,105	26,105	---	---
EQUIPMENT UPGRADE.....	30,805	30,805	30,805	---	---
JOINT TACTICAL COMMO PROGRAM (TRI-TAC).....	30,560	30,560	30,560	---	---
EDCOM C3 SYSTEMS.....	1,961	1,961	1,961	---	---
CLASSIFIED PROGRAMS.....	615,866	429,941	540,056	-75,810	+110,115
DIAD ALTERNATIVES (TRANSFER).....	---	---	(176,000)	(+176,000)	(+176,000)
ADV COMPOSITE AIRFRAME PROG.....	---	---	2,500	+2,500	+2,500
TOTAL, TACTICAL PROGRAMS.....	2,366,366	1,889,512	2,076,023	-290,343	+195,511
TRANSFER FROM OTHER ACCOUNTS.....	---	(6,530)	(176,000)	(+176,000)	(+169,470)
INTELLIGENCE & COMMUNICATIONS					
MAPPING AND GEODESY.....	4,205	4,205	3,225	-980	-980
AIRCRAFT AVIONICS.....	2,238	2,238	2,238	---	---
MAPPING AND GEODESY.....	3,430	3,430	2,254	-1,176	-1,176
NAVSTAR GLOBAL POS SYS (USER ED).....	11,271	11,271	11,271	---	---
LONG-HAUL COMMUNICATIONS (DCS).....	4,312	4,312	4,312	---	---
SATCOM GROUND ENVIRONMENT.....	26,755	26,755	59,555	+32,800	+32,800
CLASSIFIED PROGRAMS.....	16,280	16,280	16,280	---	---
TOTAL, INTELLIGENCE & COMMUNICATIONS.....	68,491	68,491	99,135	+30,644	+30,644
DEFENSEWIDE MISSION SUPPORT					
TARGET MISSILES.....	6,051	5,000	4,000	-2,051	-1,000
NONSYSTEMS TRAINING DEVICES (NSTD) DEV.....	5,863	5,863	4,901	-962	-962
NON-SYSTEM TND DEVICES ENGR.....	43,636	43,636	40,636	-3,000	-3,000
METEOROLOGICAL EQUIPMENT SYSTEMS.....	6,447	6,447	4,859	-1,588	-1,588
AVIATION ENGINEERING FLIGHT ACTIVITY.....	11,720	9,720	9,720	-2,000	---
KWAJALEIN MISSILE RANGE.....	161,624	154,024	154,024	-7,600	---
SUPPORT OF DEVELOPMENT TESTING.....	58,671	56,671	56,671	-2,000	---
MATERIEL SYSTEMS ANALYSIS.....	15,930	15,930	15,930	---	---
EXPLOITATION OF FOREIGN ITEMS.....	3,569	3,569	3,569	---	---
SUPPORT OF OPERATIONAL TESTING.....	54,855	54,855	52,000	-2,855	-2,855
THREAT SIMULATORS FOR TESTING.....	36,149	33,000	30,149	-6,000	-2,851
PROGRAM-WIDE ACTIVITIES.....	183,766	173,766	165,000	-18,766	-8,766
INTL COOPERATIVE RESEARCH AND DEV.....	947	947	947	---	---
TECHNICAL INFO ACTIVITIES.....	6,265	6,265	6,265	---	---
DAICOM MAJOR RANGE/TEST FACIL.....	373,054	357,054	350,000	-23,054	-7,054
MUNITIONS-NAVO STDBZ DOD EFFEC SAFETY STDS.....	11,626	11,626	11,626	---	---
DOD HIGH ENERGY LASER SYSTEMS TEST FAC.....	20,184	20,184	20,184	---	---
PRODUCTIVITY INVESTMENTS.....	23,335	21,000	21,000	-2,335	---
NST ND (RESEARCH/DEVELOPMENT).....	11,852	11,852	11,852	---	---
INDUSTRIAL PREPAREDNESS.....	104,062	92,062	92,062	-12,000	---
TOTAL, DEFENSEWIDE MISSION SUPPORT.....	1,139,606	1,083,471	1,055,395	-84,211	-28,076
CERAMIC ROTARY VALVES.....					
CONSULTANTS, STUDIES & ANALYSES.....	---	-10,000	-2,000	-2,000	+8,000
RESTORATION OF CIVILIAN PAY REDUCTION.....	---	---	33,600	+33,600	+33,600
MEDICAL RESEARCH / AIDS.....	---	---	52,600	+52,600	+52,600
GUARD/RESERVE UNIQUE RAD.....	---	5,000	5,000	+5,000	---
GENERAL REDUCTION.....	---	-10,000	---	---	+10,000
PRIOR YEAR INFLATION SAVINGS.....	---	-40,000	-40,000	-40,000	---
(PT TRANSFER).....	---	(40,000)	(40,000)	(+40,000)	---
INFLATION ESTIMATES FOR FY 1986.....	---	-4,000	-4,000	-4,000	---
PRIOR YEAR PROGRAM SAVINGS.....	---	-45,000	-49,000	-49,000	-4,000
(PT TRANSFER).....	---	(45,000)	(49,000)	(+49,000)	(+4,000)
REPROGRAMMING DENIALS.....	---	-19,000	---	---	+19,000

(In thousands of dollars)

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
(PY TRANSFER).....	---	(19,000)	---	---	(-19,000)
NATO COOPERATIVE R&D PROGRAMS.....	---	---	50,000	+50,000	+50,000
TOTAL, RESEARCH DEVELOPMENT TEST & EVAL, ARMY.....	5,279,900	4,436,475	4,841,169	-438,731	+404,694
TRANSFER FROM OTHER ACCOUNTS.....	---	(110,530)	(265,000)	(+265,000)	(+154,470)
TOTAL FUNDING AVAILABLE.....	5,279,900	4,547,005	5,106,169	-173,731	+559,164

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, NAVY

1985 appropriation.....	\$9,172,622,000
1986 budget estimate.....	11,264,300,000
House allowance.....	9,462,631,000
Committee recommendation.....	10,104,594,000

The Committee recommends an appropriation of \$10,104,594,000 for the Navy's research, development, test, and evaluation programs, a reduction of \$1,159,706,000 to the budget request. The Committee recommendation is \$641,963,000 above the House allowance.

(In thousands of dollars)

	Budget estimate	House allowance	Committee recom- mendation	Change from budget
Technology base.....	853,169	830,730	824,718	- 28,451
Advanced technology develop- ment.....	239,449	188,071	198,332	- 41,117
Strategic programs.....	2,482,030	2,381,830	2,430,526	- 51,504
Tactical programs.....	6,160,962	5,109,983	5,385,043	- 775,919
Intelligence and communications.....	704,007	513,470	649,870	- 54,137
Defensewide mission support.....	824,683	743,047	761,805	- 62,878
Restoration of civilian pay reduc- tion.....			3,300	+ 3,300
Consultants.....		- 20,000	- 5,000	- 5,000
Prior-year program/inflation sav- ings.....		- 236,000	- 183,000	- 183,000
Inflation estimates for fiscal year 1986.....		- 11,000	- 11,000	- 11,000
NATO cooperative R&D.....			50,000	+ 50,000
General reductions.....		- 37,500		

The budget activities and programs funded under this appropriation are discussed below. These activities and programs require annual authorization prior to appropriations pursuant to the provisions of section 412(b) of Public Law 86-149, as amended.

TECHNOLOGY BASE

The recommended program includes \$824,718,000 for technology base. This activity finances basic research and exploratory development with the primary objective of increasing the store of fundamental scien-

tific knowledge adaptable to the solution of widely varying future Navy requirements. A strong technology base is needed in order to (1) maintain technological superiority in military weapons, thus offsetting adversary numerical advantages, (2) avoid technological surprise that could cause premature obsolescence of major weapons systems, and (3) lead to acquisition of effective but less costly capabilities by using innovative products built on new technology.

The Committee recommends the following change to the budget estimate:

DEFENSE RESEARCH SCIENCES

The Committee recommends an appropriation of \$333,208,000 for defense research sciences, a reduction of \$5,968,000 to the budget request. The fiscal year 1986 Navy Defense Research Sciences Program includes more than \$17,000,000 of new program starts and \$5,000,000 of programs started in previous years undergoing major expansion.

The Committee recommends that a total of \$4,000,000 be taken from programs identified by the Navy as new starts in fiscal year 1986 and that the balance of the recommended funding reduction be applied against programs undergoing major expansion in fiscal year 1986. The Navy will still receive a 5-percent increase over fiscal year 1985.

The Committee recommends that none of the reduction be applied against the Naval Oceanographic Institute project.

UNDERSEA WARFARE WEAPONRY TECHNOLOGY

The Committee recommends an appropriation of \$37,000,000 for undersea warfare weaponry technology, a reduction of \$7,181,000 to the budget request. This year's budget request for this activity was increased by more than 46 percent over last year's level to support a wide range of Navy undersea warfare weapons activities, but particularly warhead, fuzing, and torpedo propulsion research and development. The Navy proposes to expand this activity even further in fiscal year 1987, to a \$50,000,000 level of effort. This would more than double Navy research in undersea warfare weapons technology between fiscal year 1984 and fiscal year 1987.

Although supportive of Navy efforts to augment research activities in this important field, Committee review of the Navy's proposed activities leads it to the conclusion that the proposed research effort is far too broad, lacking specific research goals and objectives. The fiscal year 1986 programmed activities for the torpedo components project includes 16 separate tasks; the programmed activities for the warheads and fuzes project includes 8 separate tasks.

The Committee recommends that at least \$5,000,000 of the reduction proposed for the undersea warfare weaponry program be applied against the torpedo components and warhead and fuzes projects.

COUNTERMEASURES TECHNOLOGY

The Committee recommends an appropriation of \$25,000,000 for countermeasures technology, a reduction of \$2,005,000 to the budget request. The Navy proposed increasing the budgeted level for this program by more than 25 percent over last year's appropriation to support expanded level of activity in almost every one of the 12 projects comprising the program line.

The Committee recommends deletion of \$642,000 for the special warfare technology project, which the Navy itself did not fund in fiscal year 1985. The balance of the reduction is to be applied generally against the remaining projects in the program line.

Even after this reduction, the Navy will still receive a 20-percent increase for the program over last year's level of effort. The Committee believes this to be more than satisfactory in meeting Navy countermeasures technology funding requirements.

MARINE CORPS AIR-GROUND TECHNOLOGY

The Committee recommends an appropriation of \$14,449,000 for Marine Corps air-ground technology, a reduction of \$4,000,000 to the budget request. The Committee is concerned that much of the research done in this program element for specific Marine Corps missions appears to be duplicative of research done by the other services. Moreover, the Committee opposes Marine Corps efforts to conduct experiments in fiscal year 1986 relating to the utility of AMRAAM in a land-based ground-to-air anti-air warfare application. The Committee directs that none of the funds provided for this program be used for the ground AMRAAM evaluation.

EXPLORATORY DEVELOPMENT

The Committee recommends an appropriation of \$14,500,000 for laboratory independent exploratory development, a reduction of \$963,000 to the budget request. The Navy proposed a 16-percent increase for this program over last year's funding level to augment research activity and exploratory development in target surveillance, naval vehicles, and support technology. Absorption of this small reduction to the Navy laboratory IED program still provides the program with a 9-percent increase over fiscal year 1985. This should be sufficient to cover all major IED funding priorities.

The Committee recommends that the reduction of \$963,000 be applied equally against the target surveillance, naval vehicles, and support technology projects.

ADVANCED TECHNOLOGY DEVELOPMENT

The recommended program includes \$198,332,000 for advanced technology development. This activity provides for exploration of alternatives and concepts prior to development of specific weapons systems. New technological developments are pursued which are not formally

identified to specific operational requirements. This effort includes feasibility demonstrations of innovative new concepts and emphasizes hardware competition and pursuit of alternate solutions to potential military problems. Particular emphasis is placed on demonstrating new concepts to provide improved naval warfare capability in the 1980's and 1990's, including naval air, surface and subsurface vehicle and related propulsion and electronics technology, undersea and ocean surveillance, naval warfare target detection, acquisition and weapon technology and training and personnel technology.

The Committee recommends the following changes to the budget estimate:

AVIONICS

The Committee recommends an appropriation of \$3,500,000 for avionics, a reduction of \$1,409,000 to the budget request. This program was funded at the \$1,700,000 level in fiscal year 1985. The Committee recommendation will provide for a doubling in funding for this advanced technology development program in fiscal year 1986.

The Committee notes that this program was delayed in fiscal year 1985 due to funding constraints. Now the Navy proposes to accelerate development of the high-accuracy laser gyro, complete a ring laser gyro integrated inertial sensor assembly [IISA] and integrate it into a testbed aircraft, and finally transition low-cost, tactical missile grade RLG's into this project, to begin ADM design and build.

The Committee recommends that the Navy slow its acceleration of avionics development activity for this program, solely on the basis of funding constraints. It leaves to the Navy the distribution of the reduction.

ADVANCED ASM

The Committee recommends denial of the \$8,973,000 budget request for a new project start, advanced strike/interdiction weapon. This is the same recommendation made by the Senate Armed Services Committee.

The Navy proposed to spend \$8,973,000 to complete and validate the technology base and conduct formulation studies leading to full-scale engineering development of an advanced strike weapon system and an advanced interdiction weapon system. No further justification of this new project start was provided by the Navy, even though it outlined a program leading to a fiscal year 1988 IOC. The Committee subsequently learned that this program will involve retrofitting 350 Harpoons with an IR seeker and a Walleye data link to provide a land-attack capability.

The Committee recommends deferral of this project for an additional year, pending complete Navy explanation of the requirement for this program to the Congress.

SHIP PROPULSION

The Committee recommends an appropriation of \$27,664,000 for ship propulsion (advanced), a reduction of \$3,000,000 to the budget request. The Committee would delete these funds from the Gas Turbine Component Improvement Program, which the Navy proposed to increase threefold in fiscal year 1986. The Committee did not see sufficient justification for increasing the gas turbine CIP project at this rate. The Committee's proposal would double last year's level of effort for gas turbine CIP from \$3,000,000 to \$6,000,000.

Should the Navy insist that additional funding for this effort should be provided in fiscal year 1986, the Committee would be willing to entertain a reprogramming action for the program.

No funds should be deleted from the other two ship propulsion projects, gas turbine propulsion system, and RACER.

ADVANCED COMPUTER TECHNOLOGY

The Committee recommends an appropriation of \$10,547,000 for advanced computer technology, a reduction of \$4,008,000 to the budget request. The Committee would deny an increase proposed for next generation logistically compatible military computers and data base management system for Navy Ada applications. These costs were not projected as fiscal year 1986 requirements last year and the Committee notes that the program accelerates to full-scale development in July 1988.

The Committee cannot agree to fund this effort in fiscal year 1986, but recommends that the Navy resubmit it in fiscal year 1987—with much clearer justification, explaining how it relates to previous military computer plan approved by Congress.

CONVENTIONAL MUNITIONS

The Committee recommends an appropriation of \$25,334,000 for conventional munitions, a reduction of \$5,000,000 to the budget request. The fiscal year 1986 program was increased by \$10,332,000 to increase the scope of insensitive munitions and explosives.

The Committee's review of the advanced technology development work proposed in this area shows a broad-ranging Navy program encompassing such development work as insensitive underwater explosives, propulsion technology, rocket motor propellants, and a family of warheads and munitions. Program milestones have been formulated for some of the most important R&D activity on insensitive missile warheads and underwater explosives.

The Committee believes that a total of \$5,000,000 should be provided for augmented research and development on insensitive munitions and explosive concepts. The Committee will be receptive in future years to an increased level of effort when the overall program is more precisely defined. The insensitive munitions efforts proposed for transition to engineering development appear promising.

MANPOWER CONTROL SYSTEMS

The Committee recommends an appropriation of \$3,599,000 for manpower control systems development, a reduction of \$500,000 to the budget request. The program description states that there is a requirement for the Navy to develop methods to better manage the manpower and personnel system in the changing environment of a 600-ship Navy. The increase in funding is said to be required due to successive congressional reductions.

A wide range of Navy manpower control systems are slated for development: Machinist mate, radioman, and the Navy Manpower Engineering Program [NAVMEP]. All of these are said to be necessary to support estimates of the true cost of ownership of the 600-ship Navy.

The Committee has supported the 600-ship Navy, but it believes that Navy efforts to implement computer-based manpower management systems has not been properly bounded and keeps growing each year. This year the Navy proposes another new subproject start—officer performance and retention—which appears to duplicate much of the work done in the military force management subproject.

The Committee recommends against funding subproject 07, officer performance and retention, and deletes a total of \$500,000 from the Manpower Control Systems Development Program line.

LOGISTICS R&D

The Committee recommends denial of the budget request of \$8,886,000 for generic logistics R&D, a new start. This program was requested to maintain the ability of the logistics infrastructure to respond to advanced technology and close gaps between the weapons systems and their supporting logistics systems. The Senate Armed Services Committee also recommended deferring this new start and the Committee concurs in that assessment of this program.

The Committee deletes without prejudice funds for generic logistics R&D but believes the Navy should continue to develop a rapid acquisition of manufactured parts [RAMP] capability and reprogram funds to obtain the objective.

EDUCATION AND TRAINING

The Committee recommends an appropriation of \$3,667,000 for education and training, a reduction of \$1,000,000 to the budget request. The Navy proposed a 33-percent funding increase for this program in fiscal year 1986. The Committee recommendation will provide for approximately 5 percent more funding than the fiscal year 1985 level of effort. The Committee recommends that this reduction be applied against new subproject starts vocational technical entry and tactical decision training. This will permit all ongoing education and training subprojects to be continued at the programmed level of effort proposed by the Navy in fiscal year 1986.

NAVAL SPECIAL WARFARE

The Committee recommends an appropriation of \$9,862,000 for naval special warfare, a reduction of \$2,000,000 to the budget request. The Navy increased the Naval Special Warfare Program—which develops weapons, life-support systems, and delivery systems for Naval Special Warfare Force and SEAL teams—by nearly 60 percent over the fiscal year 1985 funding level to support accelerated development of an automatic pilot and acoustic silencing systems for swimmer delivery vehicles.

The Committee recommends denial of the accelerated development of the automatic pilot and acoustic silencing of swimmer delivery vehicles. The Navy failed to justify why fiscal year 1986 funding for this program was required. It proposes a \$2,000,000 reduction to these efforts, taking the funds from project S0417, SEAL support system.

LOGISTICS PRODUCTIVITY

The Committee recommends \$468,000 for a new start, logistics productivity. This project would design, develop, test, and evaluate new process control techniques for improving the quality and productivity of the repair and overhaul of Navy ships and aircraft. The Committee recommends that this project be reexamined for inclusion in the fiscal year 1987 budget.

STRATEGIC PROGRAMS

The recommended program includes \$2,430,526,000 for strategic programs. This activity provides for all research and development efforts on strategic offensive, defensive, and control systems. Primary emphasis is on development to assure continued viability of sea-based nuclear second strike capability. The Committee recommends the following changes to Navy strategic programs, in conformance with the authorization act:

TRIDENT II SLBM

The Committee recommends an appropriation of \$2,130,615,000 for the Trident II submarine-launched ballistic missile, a reduction of \$35,000,000 to the budget request. The Committee recommendation involves estimated contract savings on the Trident II Missile Development Program and a restructuring of program priorities. The Committee proposes that the Office of the Secretary of Defense consolidate all penetration aids research conducted by the Navy and Air Force into a single joint program funded in the Advanced Strategic Missile Systems Program.

The Committee strongly supports development of the Trident II SLBM as an integral part of the Strategic Force Modernization Program. The Trident II is a three-stage, 83-inch diameter missile weighing close to 130,000 pounds. It will be capable of carrying a wide range of both high- and low-yield warheads, providing optimal targeting flexibility. The Trident II will use stellar-inertial guidance, requiring in-flight updates, making it a markedly different kind of ballistic missile system

than Air Force ICBM's. The high yield of the MK 5 reentry body will give the Trident II a high kill probability against the full spectrum of hardened Soviet targets.

In the view of the Committee, the Trident II SLBM provides a much needed complement to the MX Peacekeeper and small ICBM programs. With the introduction of the Trident II into the ballistic missile submarine fleet in late 1989, the Trident arrives in the strategic inventory at a critical time—midway between initial deployment of the MX in late 1986 and the small ICBM in late 1992. Moreover, with the deployment of the Trident II, the Navy is provided the opportunity to exploit the full payload and range capabilities of the Trident submarine.

A major contributing factor to the low level of effort for Trident II penetration aids research is the insistence of the Navy and Air Force on independent, separately funded MaRV and penetration aids research programs. Both the Navy and Air Force are developing their own maneuvering reentry vehicles—the Navy the large, accurate Evader; the Air Force, MaRV-TFS—and neither are headed toward any near-term FSD decision. In 1984, the Office of the Secretary of Defense evaluated the common MaRV program, and concluded such a program was feasible, but that it would result in nonoptimal designs for the Navy and Air Force. It is the Committee's conclusion, after the review of these efforts, that the services' pursuit of optimal MaRV designs may prevent these systems from ever being procured. This is of particular concern given the fact that the Soviets are continuing to expand their R&D effort in ballistic missile defense.

TACTICAL PROGRAMS

The recommended program includes \$5,385,043,000 for tactical programs. This activity provides for advanced, engineering, and operational systems development efforts on all aspects related to all conflict levels of tactical warfare, with emphasis on sea control, Navy and Marine Corps air operations, Marine Corps amphibious operations, and related combat support. This includes developments to improve the Department of the Navy's capabilities in the combat missions of ocean surface surveillance and targeting, undersea surveillance, antisurface (including interdiction and air defense suppression), antiair (including air superiority), antisubmarine, amphibious and special warfare, and naval mine warfare, plus improved capability in the related support missions of air and surface mobility, logistics/resupply/transfer, personnel support, early warning, communications, command and control, tactical intelligence and reconnaissance, navigation, identification, position locating, traffic control, electronic warfare, physical security and developments related to major multimission naval vehicles.

The Committee recommends the following changes to the budget estimate:

AIR ASW

The Committee recommends an appropriation of \$4,778,000 for air ASW, a reduction of \$2,000,000 to the budget request. The Navy added \$3,279,000 to the air ASW program above last year's projection for fiscal year 1986 to consolidate R&D funding for advanced passive sensors into one line item. The fiscal year 1986 program includes research and development work on horizontal line arrays, sonobuoy thin random arrays, certain classified projects, and initiates advanced development on an Arctic sonobuoy.

The Committee recommends that the Navy down select now on either the horizontal line array or the sonobuoy thin random array processing concepts and limit fiscal year 1986 funding to only one of these two concepts. The Navy stated its intention of only continuing one of these into engineering development, and given the fiscal constraints under which the Navy is operating this year, the Committee would prefer to see all R&D efforts concentrated on just one system.

The balance of the funding reduction should be applied against all other projects in this program line, as determined by the Navy.

A-6F

The Committee recommends an appropriation of \$187,952,000 for the A-6F development program, a reduction of \$50,000,000 to the budget request. This is the same recommendation as made by the Senate Armed Services Committee. The A-6F development effort involves a comprehensive upgrade for the A-6 aircraft, including a new engine (F404), advanced avionics systems common to other Navy aircraft, and a new state-of-the-art dual mode radar.

Last year the Committee supported a funding addition for the A-6F development program, due to the fact that the Navy had severely underfunded the RDT&E effort. However, the Committee also expressed concern about the change in the Navy's advanced attack aircraft program, requiring development of an advanced tactical aircraft [ATA] and procurement of fewer upgraded A-6's. During 1984, the Navy determined that cracks in the wings of A-6E's will reduce the useful service life by one-half, from 4,500 hours to 2,250 hours. It will be necessary to re-wing the entire A-6E fleet, at an estimated cost of over \$1,000,000,000. Congress added \$240,000,000 to the fiscal year 1985 supplemental appropriations bill to begin this re-wing effort, which had not been funded in the fiscal year 1985 or fiscal year 1986 Navy budgets. The Committee encouraged the Navy to submit a budget amendment for the A-6 re-wing program, but none was forthcoming.

The Committee concurs in the observation of the Senate Armed Services Committee that the top Navy priority concerning the A-6 program should be improving the survivability, maintainability and reliability of the A-6E, rather than augmenting the capabilities of this aircraft. In the view of the Committee, full funding for the A-6 re-wing effort is a much higher priority than the proposed A-6F development program.

The Committee directs the Navy to submit to the Committee no later than February 1, 1986, a revised RDT&E funding profile for the A-6F development program, which should stay within the \$350,000,000 ceiling (fiscal year 1984 dollars) in the current FSD contract.

TACTICAL AIR RECONNAISSANCE

The Committee recommends an appropriation of \$2,377,000 for tactical air reconnaissance, a reduction of \$4,529,000 to the budget request. The Committee recommendation would deny funding for a new project start, mini remotely controlled vehicles.

The Committee questions the requirement for Navy/Marine Corps development of a mini remotely controlled vehicle. An operational requirement has not been issued for the mini RCV. According to the program description an operational refinement will not be identified until fiscal year 1986. The Committee hesitates at providing R&D funds for yet another unmanned air vehicle, when the services already have many ongoing unmanned vehicle programs, primarily RPV's.

The Committee recommends deferral of the start of the mini RCV program until after a firm operational requirement has been established by the Navy and the Marine Corps, and the Navy certifies in writing to the Committee that the mini RCV does not duplicate missions proposed for unmanned air vehicles already under development.

AAAM/ASAM

The Committee recommends an appropriation of \$25,000,000 for the advanced air-to-air/advanced surface-to-air missile program, a reduction of \$16,510,000 to the budget request. The Committee's recommendation would fully fund the SAM risk closure project, but would provide partial funding for the AAAM and ASAM concept formulation projects.

The Navy proposed to consolidate its new long-range antiair warfare efforts for both air-launched and surface-launched missiles under this program to ensure maximum commonality in missile design, components, and technology. The Navy proposed to fund two projects, totaling \$22,610,000, to begin concept formulation on these two missiles. The technical details of these efforts are classified. The Navy also proposed funding an \$18,900,000 project called SAM risk closure, which would start a 2-year risk reduction effort on existing missile types.

The Navy's outer air battle study confirmed the need for air-launched and surface-launched missiles of very long ranges to provide an offensive antiair warfare capability against enemy bombers, such as the Backfire, before they reach their weapons release points. For the past few years, a debate has been ongoing between the technologists in the Navy who preferred a new development effort for a missile with a later IOC, and the operational side of the Navy, which would prefer product improvements to existing missile systems as a means by which to meet a more immediate, near-term threat. Little progress has been made on development of a new air-launched or surface-launched air intercept missile due to this ongoing internal debate.

The Committee believes that it is time for the Navy to quit reviewing its options, and that a decision should be made on the direction of this program. The Committee recommends deletion of \$15,610,000 from the \$22,610,000 budgeted for the AAAM and ASAM concept formulation projects, and directs that the balance of fiscal year 1986 funding be directed toward risk reduction efforts on a SM-2 Block III version of the Standard, as proposed in the SAM risk closure program. The Committee believes that the AAAM/ASAM program outlined by the Navy does not meet near-term requirements and could be unaffordable. The Committee encourages the Navy to initiate improvements to the Standard missile to meet its near-term early 1990's surface-launch missile requirements.

SURFACE SHIP TORPEDO DEFENSE

The Committee recommends an appropriation of \$40,199,000 for surface ship torpedo defense, a reduction of \$5,000,000 to the budget request. The Navy increased this program by \$16,999,000 over projections made for this fiscal year 1986 budget last year for certain classified research and development efforts in the area of surface ship defense against torpedo attack.

The Committee has reviewed the fiscal year 1986 budget for this program and concludes that the acceleration of work on these classified activities can be partially slowed without significantly impairing the shift in emphasis the Navy seeks for this program. The Committee provides \$11,900,000 for the acceleration of these activities in fiscal year 1986.

SHIPBOARD DAMAGE CONTROL

The Committee recommends an appropriation of \$25,000,000 for shipboard damage control, a reduction of \$7,320,000 to the budget request. The Navy proposed increasing this program by more than 75 percent over fiscal year 1985 levels for the program in order to fund increased research and development activity in ship survivability, personnel protection, and the EMPRESS II project (electromagnetic pulse radiation environment simulator for ships).

A broad range of the development activity proposed for funding increases in fiscal year 1986 are for nuclear vulnerability assessments, EMP hardening, development of coatings and structures for nuclear thermal radiation protection, and other related activities. Much of the R&D activity appears to be centered on Navy ship improvements to the effects of nuclear weapons.

The Committee would prefer that such R&D activity be specifically earmarked in a separate line item. The Committee recommends a reduction of \$4,000,000 to the EMPRESS II project, returning funding for that item to last year's level of effort. A reduction of \$2,320,000 is recommended for ship survivability (advanced), and another \$1,000,000 reduction is recommended for the personnel protection program.

SHIP SYSTEMS ENGINEERING STANDARDS

The Committee recommends an appropriation of \$2,000,000 for ship systems engineering standards, a reduction of \$2,673,000 to the budget request. SSES is a program to develop ship system engineering standards to permit modularity in the design of ship hulls and payloads. One of the goals of the SSES program was to have been infusing into the shipbuilding community the necessary construction technology and information required to permit eventual procurement of variable payload ships in a timely and cost-effective manner.

The Secretary of the Navy recently informed the House Appropriations Committee that SSES will be incorporated into DDG-51-class ships in two zones: The forward vertical launch system A zone and the after VLS B zone. In notifying the House of this development, the Secretary tempered his support of SSES by stating that the advantages of SSES are somewhat offset by the increased cost, weight, and volume required to incorporate SSES zones into new construction. Funds for SSES will be incorporated into the advanced ship development budget after fiscal year 1986.

The Committee takes the Secretary's letter to the House as an indication that there are only a few candidate ships that could use this concept, and that additional tradeoff analysis must be conducted on SSES to determine whether its added costs and flexibility are worth the additional research and development investment.

The Committee recommends that SSES be slowed and deletes \$2,673,000 from the budget request.

SHIP DEVELOPMENT

The Committee recommends an appropriation of \$13,657,000 for ship development (advanced), a reduction of \$982,000 to the budget request. The Committee's recommendation would delete funding for a new project start, EMSEDE, the electromagnetic system environment design and engineering program. The Navy would establish a Navy technical working group to guide development of this program, which is projected to expand into a \$50,000,000 effort. The Committee recommends that the Navy reevaluate its requirements in this area before seeking additional funding in future years.

SURFACE SHIP NAVIGATION SYSTEM

The Committee recommends an appropriation of \$2,000,000 for a new start, surface ship navigation system, a reduction of \$841,000 to the budget request. This program would develop a surface ship inertial navigation system based on the ring laser gyro technology to meet increased performance requirements of long-range sea-launched missile systems, battle group operations, over-the-horizon targeting, and other tactical missions.

The Committee is impressed with the potential of ring laser gyro technology to improve Navy conventional systems, but notices that the

program does not appear to meet urgent Navy requirements, and is geared toward a 1993 IOC. The Committee feels that programs of a more near-term nature should receive full funding during this tight budget year.

DDG-51 DESTROYER

The Committee recommends an appropriation of \$89,000,000 for DDG-51 engineering development, a reduction of \$11,836,000 to the budget request. The Navy budgeted \$100,836,000 for this program in fiscal year 1986, but during the course of Committee staff briefings on this program in April the Navy informed the Committee that all DDG-51 engineering development activity could be performed for \$89,000,000. Subsequently, the Committee received a followup information paper from the Navy indicating that the entire budget request was required to execute the fiscal year 1986 program.

The Committee has reviewed the DDG-51 engineering development program and provides \$89,000,000, as authorized, for the program outlined in April. This program provided for \$45,000,000 for DDG-51 combat systems engineering, \$6,000,000 for SPY1-D systems engineering, \$16,000,000 for ASW systems engineering, and the balance of funding for other activities.

MINE DEVELOPMENT

The Committee recommends an appropriation of \$4,464,000 for mine development, an increase of \$2,500,000 to the budget request. The additional funds are to be used to accelerate development of the next generation mine. Committee review of the program indicates that these additional funds could be efficiently spent to resolve technical issues, particularly sensor evaluation.

The Committee is concerned that the current next generation mine program is underfunded. As the Committee noted last year, the failure to develop an aggressive mine R&D program will, in all probability, leave the Navy with a mine procurement gap for a number of years, since the Navy is proposing termination of Captor procurement. A minimum, level-of-effort mine R&D program leaves continuation of Captor procurement after fiscal year 1986 as the only practical Navy alternative should severe mine inventories shortfalls have to be filled in the near future.

ADVANCED LIGHTWEIGHT TORPEDO

The Committee recommends an appropriation of \$7,000,000 for advanced lightweight torpedo, a reduction of \$3,113,000 to the budget request. This program was initiated to begin research and development on certain classified improvements to the advanced lightweight torpedo [ALWT].

The proposal is submitted by the Committee, but should be started at a lower level of effort in fiscal year 1986 than proposed by the Navy.

MARINE CORPS ARMS SYSTEMS

The Committee recommends an appropriation of \$13,129,000 for Marine Corps ground combat/support arms systems, a reduction of \$4,000,000 to the budget request. The Committee would reduce funding for the remotely piloted vehicle project which received an \$8,656,000 increase over last year's projection for the project.

The Committee also recommends that advanced payload development for the mini RCV be terminated. It also directs the Marine Corps to slow down the proposed accelerated testing of sensors and jammers.

LAMPS MK III

The Committee recommends an appropriation of \$1,906,000 for LAMPS MK III, a reduction of \$14,100,000 to the budget request. The Committee's recommendation would defer integration efforts for the Penguin missile. The Committee notes that this program was started as a congressional add-on. Many elements within the Navy questioned arming the LAMPS MK III with the Penguin missile, feeling that the Sea Hawk should remain solely an ASW helicopter. The Committee concurs, and believes that the antiship mission can be executed by other systems.

SUPPORT EQUIPMENT

The Committee recommends an appropriation of \$14,494,000 for support equipment, a reduction of \$1,934,000 to the budget request. This action would deny funding for a new project start, calibration standards. The Committee is reluctant to support initiation of new project starts in this current budget year, particularly projects proposed for accelerated development, as is this project.

P-3 MODERNIZATION

The Committee recommends an appropriation of \$31,295,000 for P-3 modernization program, a reduction of \$17,430,000 to the budget request. The Navy added \$27,295,000 to the P-3 update IV avionics project to develop a new central computer system and distributed data lens system architecture for the P-3 aircraft.

The Committee questions whether the \$34,132,000 budget for this project is justified by the proposed description of work. The fiscal year 1986 program primarily involves systems specification and RFP preparation, and should be done for much less than what is budgeted. The Committee proposes that no more than \$17,000,000 be used for the P-3 update IV avionics project in fiscal year 1986.

AIRBORNE ELECTRONIC WARFARE ENGINEERING

The Committee recommends an appropriation of \$60,000,000 for airborne electronic warfare engineering, a reduction of \$2,298,000 to the budget request. The Committee recommends that the Navy defer its risk reduction efforts associated with the joint integrated electronic war-

fare system [INEWS] with the Air Force. The Committee notes that the Air Force has a heavy investment in the ICNIA/INEWS programs and wants to ensure that no duplication of effort occurs with the Air Force program.

AAM SYSTEM ENGINEERING

The Committee recommends an appropriation of \$10,000,000 for AAM systems engineering, a reduction of \$3,589,000 to the budget request. The Navy once again requested funds to start a Sidewinder product improvement program, which Congress deferred last year. This program would upgrade the AIM-9M to give the missile increased head-on acquisition range, better background discrimination, and improved counter-countermeasures capability.

Last year the Committee proposed deferring this program on the grounds that the Navy had not clarified its intentions about keeping the Sidewinder production line open into the 1990's. Earlier this year the Navy outlined to the Committee a program to procure 2,700 improved Sidewinders and 7,200 guidance and control systems for existing Sidewinders between fiscal years 1990-94. The unit flyaway cost of an AIM-9M PIP will be at least 25-percent more than the AIM-9M, making it difficult to buy within times of budget restraint.

The issue confronting the Congress is whether the added capabilities given the Sidewinder with the AIM-9M PIP is worth the additional cost. The Committee believes that the AIM-9M PIP will be worth this additional cost, with the improvements to acquisition range and CCM capabilities far in excess of a 25-percent improvement. This year the Committee is willing to provide R&D funding for the AIM-9M PIP program.

However, the Committee is concerned that the procurement outlined by the Navy for Sidewinder between fiscal years 1990 and 1994 is uneconomical. The Air Force has not yet committed to continue Sidewinder production in the 1990's. The Committee would hope that the Navy would seriously consider reevaluating the proposed Sidewinder AIM-9M PIP procurement plan toward a goal of making it more economical.

The Navy should report back to the Committee no later than April 1, 1986, on how to make this program more economical. The Committee would request the Navy to evaluate the following cost reduction options: Multiyear procurement, single source versus dual source production, limiting the AIM-9M PIP missile production buy to a 4-year rather than 5-year program; and Air Force participation.

PHALANX

The Committee recommends an appropriation of \$4,771,000 for the close-in weapons system (Phalanx) program, a reduction of \$2,841,000 to the budget request. The Navy added \$2,841,000 to the program to insure the ability of Phalanx to meet emerging threats. The Navy did not identify these threats but, instead, outlined a broad-based program that

included non-threat-related development activity. These activities involved a redesign of the system for forward fit into SSES. The Committee recommends against these new initiatives and focusing all fiscal year 1986 Phalanx RDT&E on threat-related activity.

ADVANCED TACTICAL RADAR SYSTEM

The Committee recommends denial of the budget request of \$2,909,000 for the advanced tactical radar system, a new start. The Navy proposed to start this research and development effort in fiscal year 1986 in order to acquire a new, long-range air surveillance radar. This radar surveillance system would be designed to support antiair warfare capability against high divers, fast and very low targets, and targets employing techniques to reduce observability.

The proposed program would commence engineering development in fiscal year 1988. However, the Navy could not provide even a low-confidence cost estimate in support of initiation of this program. Additional cost and feasibility studies should be conducted before the Navy commences preparation of ATRS performance specifications and develops program documentation, as is proposed for fiscal year 1986.

The Committee cannot support initiation of ATRS performance specifications and document preparation until additional study has been conducted on this program.

SHIPBOARD PHYSICAL SECURITY

The Committee recommends an appropriation of \$3,617,000 for shipboard physical security, a reduction of \$1,000,000 to the budget request. The Navy increased the fiscal year 1986 budget for this program by \$2,412,000 to accelerate shipboard physical security systems engineering on detectors, controls, and alarms following successful early testing.

The Committee has generally opposed efforts to accelerate R&D programs, due to current budget restraints. The Committee recommendation will still allow a greater level of effort for fiscal year 1986 than projected for the program last year.

MARINE CORPS ASSAULT VEHICLES

The Committee recommends an appropriation of \$16,802,000 for Marine Corps assault vehicles, a reduction of \$28,851,000 to the budget request. The Committee action coincides with the decision of the Secretary of the Navy to terminate the landing vehicle tracked [LVT-X] program. If this amount is not adequate for completing the \$4,000,000 of testing for the 75-mm cannon, the Marine Corps should reprogram up to \$4,000,000 to complete this testing during the midyear review.

Marine Corps arms systems engineering.—The Committee recommends an appropriation of \$7,186,000 for Marine Corps ground combat/supporting arms systems, a reduction of \$1,500,000 to the budget request. The Committee recommendation would reduce by one-half the fiscal year 1986 funding request for VEMASID, the vehicle magnetic

signature duplicator. VEMASID is a magnetic coil mounted on a wide variety of vehicles which could activate and detonate magnetic mines on the battlefield or in the surf zone area of the beach.

The Marines are already developing two other amphibious mine countermeasures systems, a line charge and a man-portable mine neutralization system. The Committee recommends that the Marines defer full-scale engineering development of VEMASID until fiscal year 1987.

SURFACE WARFARE TRAINING DEVICES

The Committee recommends an appropriation of \$23,274,000 for surface warfare training devices, a reduction of \$2,547,000 to the budget request. The Committee recommendation would deny initiation of a new project start, surface Tomahawk trainer, and delete \$2,200,000 for the LCAC operator trainer.

A-6 SQUADRONS

The Committee recommends an appropriation of \$12,196,000 for A-6 squadrons, a reduction of \$7,009,000 to the budget request. The Navy added \$7,009,000 to the fiscal year 1986 program above last year's projected level of effort in order to develop an infrared autotracker for improved weapons delivery for the A-6 aircraft. The Committee recommends deferral of this improvement to the A-6.

F-14D

The Committee recommends an appropriation of \$345,000,000 for the F-14D program, a reduction of \$3,065,000 to the budget request. The F-14D program involves modernization of the aircraft with a new, higher thrust engine (F110), a new radar, and new avionics systems. The Committee strongly supports this modernization effort, which helps serve as the baseline for other Navy aircraft modernization programs for the A-6, F/A-18, and AV-8B.

The Committee notes that the Navy development strategy for the F-14D upgrade includes a firm fixed price development contract (downward adjustable only). The Committee applauds the efforts of the Secretary of the Navy to increase the use of fixed price R&D contracts on aircraft improvement programs, and make maximum use of common subsystems in this current upgrade of Navy tactical aircraft. The Committee would hope that the Army and Air Force could learn from the Navy experience in this regard and implement similar kinds of program management initiatives where feasible.

The Committee reduction of \$3,065,000 is without prejudice and is based on budgetary constraints. If the Navy cannot execute its fiscal year 1986 F-14D program within the proposed funding allocation (which provides more than 99 percent of the budget request), it would encourage the Navy to execute a reprogramming action.

TRI-TAC MARINE CORPS

The Committee recommends an appropriation of \$6,057,000 for Tri-Tac Marine Corps, a reduction of \$5,882,000 to the budget request. The Committee recommendation would not fund the fiscal year 1986 budget request for the Unit Level Circuit Switch Program and would specifically terminate further development of the TTC-42 large switch as part of the ULCS program.

A series of program delays and cost growths have characterized the Marine Corps' development of the unit level circuit switch. In September 1984, the ULCS failed its initial operational test. The Marine Corps System Acquisition Review Council recommended a retest of the ULCS and a subsequent reevaluation of the program in the spring of this year.

Most of the testing problems have been associated with the 150-line TTC-42 large switch. In May, the decision was made to proceed to a production contract on the ULCS, but hold progress payments on the TTC-42 switches in escrow until the prime contractor successfully passed the first article [FAT] tests. As of October 11, progress payments on the TTC-42 continue to be held and the present target date for the award of ULCS production contract is currently scheduled for February 1986. The fiscal year 1986 defense authorization conference report noted that the independent test agencies of both the Marine Corps and the Air Force recommended against TTC-42 production because of "deficiencies discovered during limited operational testing and previous operational tests."

The Committee believes that the time has come for the Marine Corps to cut its losses on the ULCS and terminate the TTC-42 large switch effort. The Committee understands that a modified version of the AN/TTC-39 circuit switch now in development for the Army (downsized to 150 lines) could meet the Marine Corps requirement at considerably less cost, and retain compatibility with the Tri-Tac architecture. The Committee strongly recommends that the Marine Corps evaluate this approach as an alternative to the restart of the ULCS program as now structured around the TTC-42.

The ULCS program is not economical for the Marine Corps and must be redirected around less expensive versions of existing technologies. This will help save the Marine Corps scarce production funds for other high-priority Marine Corps programs.

SHIP CONTRACT DESIGN

The Committee recommends an appropriation of \$120,000,000 for ship subsystems development—LBTS, an increase of \$31,582,000 to the budget request. This action provides funding for the fully authorized ship contract design program, and \$40,000,000 to fully fund a competitive SSN-21 contract design program. This addition is discussed under "Items of special interest."

The Committee recommends that within the \$120,000,000 appropriation for this program, at least \$5,000,000 be provided for an AO oiler design project. These funds will be used to design enlargements to the

current AO-177 class oilers from their current 120,000-barrel capacity to a 180,000-barrel capacity. This design change will then make the AO-177 class equivalent to the new TAO-187 class oilers. A total of five AO-177 class oilers are to be modified using this design improvement.

INTELLIGENCE AND COMMUNICATIONS

The recommended program includes \$649,870,000 for intelligence and communications. This activity provides for advanced, full scale engineering development and operational system development efforts in intelligence, worldwide communications systems, and other defensewide mission support, including meteorological activities.

ADVANCED NAVIGATION DEVELOPMENT

The Committee recommends an appropriation of \$1,541,000 for advanced navigation development, a reduction of \$400,000 to the budget request. The Committee's recommendation would reduce funding for development efforts to provide computer peripheral input/output display unit [AN/UYA-6] replacements, which were programmed for a \$754,000 increase in fiscal year 1986. This reduction will slow that accelerated development effort.

Classified programs.—The Committee recommends an appropriation of \$517,773,000 for various classified Navy intelligence and communications programs, a reduction of \$40,000,000 to the budget request. This is an increase of \$58,500 to the authorized level for the program. For further explanation of this action see the classified annex of the Committee report.

DEFENSEWIDE MISSION SUPPORT

The recommended program includes \$761,805,000 for defensewide mission support. This activity provides for efforts directed toward support of installations or operations required for use in general research and development and not allocable to specific missions. Included are technical integration efforts, technical information activities, major test ranges, test facilities and general test instrumentation, target development, international cooperative R&D, and other R&D support.

The Committee recommends the following reductions in Navy defensewide mission support programs:

Test and evaluation support.—The Committee recommends an appropriation of \$292,000,000 for test and evaluation support, a reduction of \$2,480,000 to the budget request. The Committee's recommendation would reduce funds proposed for the Naval Weapons Center ranges, China Lake, CA, and other Navy test centers.

The Committee notes that in August 1984, the Michelson Laboratory, the main laboratory complex at the Naval Weapons Center at China Lake, CA, was struck by a flash flood that caused extensive damage to the laboratory facility, as well as ancillary roads, walkways, parking

areas, and culverts. In late 1984, the Navy submitted a reprogramming action of \$30,800,000 to cover the cost of the damage that occurred at China Lake, which was funded in a different line item.

In spite of this major damage incurred at NWC, the fiscal year 1986 budget request shows an increase of more than \$3,300,000 over the fiscal year 1985 level of activity. The program description indicated that the center will continue the same level of effort from previous years. However, subsequent information shows that the high altitude chamber is not yet back in operation, and critical technical project work is being diverted to other facilities, causing some rescheduling.

The Committee recommends that the Naval Weapons Center budget be held to \$63,766,000 for fiscal year 1986, for a reduction of \$1,500,000. The balance of the reduction is to be applied against test centers at Patuxent River, Trenton, and Point Mugu.

Productivity improvement.—The Committee recommends deletion of the budget request of \$2,855,000 for productivity improvement, a new start. The fiscal year 1986 budget resumes support of variable payload ship productivity programs. The Committee noted in the SSES section that the Secretary of the Navy is reevaluating the entire variable payload ship/SSES concept. The Committee would defer fiscal year 1986 funding for this effort until the Navy has redefined its SSES/variable payload ship program.

OTHER ADJUSTMENTS

Consultants, studies, and analyses.—The Committee recommends a reduction of \$5,000,000 against Navy consultants, studies, and analyses.

General reduction.—The authorization act allotted a general reduction of \$37,500,000 against RDT&E, Navy. The Committee does not agree to this general reduction. It also recommends not taking the authorized \$30,000,000 general reduction to Navy electronic warfare programs.

Reductions proposed by the Office of the Secretary of Defense.—The Committee proposes the following reductions to the fiscal year 1986 budget, based on recommendations from the Office of the Secretary of Defense:

Prior-year inflation savings	— \$60,000
(Prior-year transfer).....	(+ 60,000)
Inflation estimates for fiscal year 1986.....	— 11,000
Prior-year program savings.....	— 123,000
(Prior-year transfer).....	(+ 123,000)

ITEMS OF SPECIAL INTEREST, NAVY

New design SSN.—The Committee recommends full funding for the new design SSN [SSN-21] at the authorized level. The Navy has initiated a very ambitious SSN-21 program. The new design SSN would achieve significant improvement in such areas as speed, quieting, and firepower over current SSN-688-class submarines. The Committee supports, in principle, the requirement for a new design SSN—particularly given the fact that the Soviets are now producing or testing nine different classes of submarines with capabilities spanning the entire range of undersea warfare applications.

However, the Committee continues to be interested in the cost and program management of the SSN-21 program. Testimony before the Committee indicated that the new design SSN will cost at least \$1,000,000,000 per copy, which raises serious questions as to affordability and maintenance of the Navy's force level objectives of a 100-level attack submarine fleet into the 21st century. The Senate Armed Services Committee has expressed similar concerns regarding the SSN-21 program. This Committee supports Navy efforts to reduce the unit costs of the new design SSN, while maintaining its improved capabilities over the SSN-688.

The Committee notes that the Navy has analyzed SSN-21 mission effectiveness and concluded that the submarine can counter Soviet submarine threats under the full spectrum of operational conditions. The Committee notes that the new design SSN is being designed with the capability to defeat both current and projected Soviet attack submarines, and this is exhibited in its increased displacement, speed, quieting, and firepower features over the SSN-688.

The Committee is pleased that the Navy has undertaken measures to emphasize SSN-21 producibility during the preliminary design phase of the program. These measures include maximum use of computer-aided design, engineering, and manufacture; provisions for application of modular construction techniques, phased incremental testing, and maximum use of current state-of-the-art and mature technology.

The Committee notes that subsequent to the completion of the fiscal year 1986 budget request, the Navy implemented a competitive contract design for the new design SSN program. The Committee supports the continuation of competition through the contract design phase of the new design SSN program. However, it notes that this issue failed to be addressed by the authorization.

The Committee has added \$40,000,000 for continuation of competitive contract design for the new design SSN program in the ship contract design line item. These funds are required if the Navy is not to have funding for competitive contract design expire before the end of the fiscal year, and force undesired reprogrammings.

The Committee supports the new design SSN program, and urges the Navy to continue its efforts to keep both the development and shipbuilding costs for the program affordable. The Committee expects the Navy to be prepared to fully justify the new design SSN's cost and capability in fiscal year 1987, the first year in which long lead funds are proposed for the program.

HY-130 steel.—The Committee recommends an additional appropriation of \$5,000,000 for HY-130 steel. The Committee has been informed the additional funding can be used to procure long lead material for an HY-130 hull section and select a design agent to perform the detail design of the hull section and manage its integration into a test ship.

The current Navy plan is to initiate the HY-130 certification program in fiscal year 1988. If the program is accelerated, it will result in HY-130 introduction into a fiscal year 1993 authorized SSN-21, a full

year earlier than under the current program. With the use of HY-130 steel, rather than HY-100, the SSN-21 will obtain increased operating depth and the added combat capability from this expanded operating envelope.

Oceanography support.—Reductions in program elements 65861 (RDT&E laboratory and facility management support) and 65862 (RDT&E instrumentation and material support) shall not be applied against naval oceanographic research activities.

Naval oceanography.—The Committee recommends the addition of \$5,900,000 for a new Navy research and development program to be called naval oceanography.

The Committee recognizes the recent, dramatic improvements in the Soviet submarine threat and the need for continued progress in the performance of our ASW sensors. The Committee has, therefore, recommended a 5-year RDT&E program for research and development of underwater acoustic sensor equipment, acquisition of the most advanced computational resources, and the provision of adequate, secure processing facilities. The goal of this effort is to analyze and model the three dimensional acoustic field on a local and regional basis, supported by the knowledge and understanding of oceanic processes within the volume. The advances in ocean forecast models (thermal and dynamic), as well as the recent experiments in acoustic tomography, provide a basis for this development. It will constitute a major advance over the current two dimensional models.

A task force commander would use such a model to optimize the distribution of ASW ships, submarines, and aircraft for the subsurface environment. It would also provide him optimal submarine detection coverage in both area and depth for defense of high value assets as well as for offensive ASW operations.

The Committee recommends appropriation of \$5,900,000 as an initial investment in the Naval Oceanography Program, and declares its intention to provide \$3,000,000 in later years.

SH-2F/T-700 engine.—Last year, Congress provided the Navy with \$10,000,000 to continue test and evaluation of an SH-2F helicopter modified with T-700 engines and to qualify that engine for production. As of July 15, 1985, those funds had not been obligated, and there are indications that the Navy may decide to request authority to use them for some other purpose. Should the Navy decide to reprogram those funds, the Committee will insist that they be used to initiate development of a composite main rotor blade for the M/CH-53E helicopter consistent with the Committee's guidance in prior years.

Manufacturing technology.—The Committee recommends an appropriation of \$52,000,000 for the Navy's Manufacturing Technology Program, a reduction of \$20,426,000 to the budget request. The Committee directs that the Navy fully fund the Laser Articulating Robotic System project at the level outlined in the budget request (\$4,000,000).

F/A-18 squadrons.—The Committee recommends an appropriation of \$65,000,000 for F/A-18 squadrons, an increase of \$6,686,000 to the

budget request. This increase will fully fund the fiscal year 1986 authorized program to begin the full-scale development of an austere, all-weather capability for the F/A-18 aircraft. Included in this F/A-18 upgrade are provisions for incorporation of a wide field-of-view fixed navigation FLIR, a RASTER head-up-display, a digital map or remote map reader, cockpit compatible lighting for night vision goggles, and other improvements. The present F/A-18 has a limited air-to-ground capability at night. The austere, all-weather improvements proposed for the F/A-18 will more than double its present capabilities. The Committee strongly supports the austere, all-weather upgrade to the F/A-18.

(In thousands of dollars)

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to--	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
RESEARCH DEVELOPMENT TEST & EVAL; NAVY					
TECHNOLOGY BASE					
UNIVERSITY RESEARCH.....	6,250	6,250	6,250	---	---
IN-HOUSE INDEPEND LAB RES.....	26,277	26,277	26,277	---	---
DEFENSE RESEARCH SCIENCES.....	339,176	329,071	333,208	-5,968	+4,137
TACT DIRECTED ENERGY TECH.....	10,834	7,000	7,000	-3,834	---
AIRCRAFT TECHNOLOGY.....	23,102	23,102	23,102	---	---
MISSILE PROPULSION TECH.....	10,503	10,503	10,503	---	---
SURF/AEROSPACE WPMRY TECH.....	27,210	27,210	27,210	---	---
NUCLEAR PROPULSION TECH.....	49,018	49,018	49,018	---	---
SHIP AND SUBMARINE TECH.....	25,272	25,272	25,272	---	---
UNDERSEA WARFARE WPMRY TECH.....	44,181	44,181	37,000	-7,181	-7,181
U/S TARGET SURV TECH.....	44,495	44,495	44,495	---	---
SURF/AEROSP TST SURV TECH.....	32,240	32,240	32,240	---	---
COMMAND AND CONTROL TECH.....	28,943	24,443	24,443	-4,500	---
COUNTERMEASURES TECH.....	27,005	27,005	25,000	-2,005	-2,005
R C AIR-GROUND TECHNOLOGY.....	18,499	14,499	14,499	-4,000	---
HUMAN FACTORS/SISIM TECH.....	7,652	7,652	7,652	---	---
BIO MEDICAL TECH.....	8,906	8,906	8,906	---	---
OCEAN AND ATMOS SUPT TECH.....	27,095	27,095	27,095	---	---
LOGISTICS TECH.....	13,311	13,311	13,311	---	---
MATERIALS TECH.....	33,004	33,004	33,004	---	---
ELEX DEVICE TECH.....	24,898	24,898	24,898	---	---
PERSONNEL & TRNG TECH.....	5,062	5,062	5,062	---	---
CHEM/BIOLOG/MARBIOL DEF TECH.....	4,765	4,765	4,765	---	---
LAB INDEP EXPLORATORY DEV.....	15,463	15,463	14,500	-963	-963
TOTAL, TECHNOLOGY BASE.....	853,169	830,730	824,718	-28,451	-6,012
ADVANCE TECHNOLOGY DEVELOPMENT					
AVIONICS.....	4,909	---	3,500	-1,409	+3,500
AIR/OCEAN TACT APPLIC.....	8,946	5,819	8,946	---	+3,127
ADV A/C PROPUL SYS.....	8,841	3,000	3,000	-5,841	---
AVIATION LIFE SUPT SYS.....	1,377	860	1,377	---	+517
ADV A/C SUBSYSTEMS.....	4,684	4,684	4,684	---	---
ERAGE.....	10,149	10,149	10,149	---	---
ASN TECH.....	8,973	1,973	---	-8,973	-1,973
SHIP PROP SYS (ADV).....	30,664	30,664	27,664	-3,000	-3,000
ADV COMPUTER TECH.....	14,555	12,055	10,547	-4,008	-1,508
ELECTRIC DRIVE.....	9,762	9,762	9,762	---	---
CONVENTIONAL MUNITIONS.....	30,334	20,168	25,334	-5,000	+5,166
JOINT SERV EOD DEV (ADV).....	10,898	7,898	10,898	---	+3,000
HUMAN FACTORS ENG DEVEL.....	2,116	2,116	2,116	---	---
ASN OCEANOGRAPHY.....	6,376	6,376	6,376	---	---
MEDICAL DEVELOPMENT (ADV).....	14,653	12,719	14,653	---	+1,934
NAVPAR CONTROL SYST DEV.....	4,099	4,099	3,599	-500	-500
ADV MARINE BIOLOGICAL SYS.....	5,477	5,477	5,477	---	---
GENERIC LOGISTICS R&D.....	8,886	5,000	---	-8,886	5,000
OCEAN ENG TECH DEVELOP.....	13,083	13,083	13,083	---	---
EDUCATION & TRAINING.....	4,667	2,000	3,667	-1,000	+867
ENVIRONMENTAL PROTECTION.....	8,347	8,347	8,347	---	---
NAVAL SPECIAL WARFARE.....	11,862	9,554	9,862	-2,000	+308
ADV NAVMOR TRAINING SYS.....	6,144	2,933	6,144	---	+3,211
TRAINING DEVICE TECH.....	8,679	7,567	8,679	---	+1,112
NAV LOGISTICS PRODUCTIVITY.....	968	968	468	-500	-500
TOTAL, ADVANCE TECHNOLOGY DEVELOPMENT.....	239,449	188,071	198,332	-41,117	+10,261
STRATEGIC PROGRAMS					
SPACE TECHNOLOGY.....	14,002	14,002	14,002	---	---
TRIDENT II.....	2,165,615	2,103,597	2,130,615	-35,000	+127,018

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
STRATEGIC TECH SUPPORT.....	3,882	3,882	3,882	---	---
FIM SYSTEM.....	33,550	33,550	33,550	---	---
SSBN SECURITY PROGRAM.....	38,591	38,591	38,591	---	---
TRIDENT I.....	47,195	38,195	38,195	-9,000	---
ELF COMMUNICATIONS.....	28,283	28,283	28,283	---	---
NAVY STRATEGIC COMM.....	125,839	119,161	125,839	---	+6,678
NAV SPASUR.....	954	954	954	---	---
NEECH.....	1,615	1,615	1,615	---	---
WIS MODERNIZATION.....	22,504	---	15,000	-7,504	+15,000
TOTAL, STRATEGIC PROGRAMS.....	2,482,030	2,381,830	2,430,526	-51,504	+48,596

TACTICAL PROGRAMS					
ARM ELECTRONIC WARFARE ED.....	61,587	61,587	61,587	---	---
T45-TS.....	114,128	114,128	114,128	---	---
CV ASM MODULE.....	5,022	4,259	4,259	-763	---
A/C SYSTEMS (ADV).....	5,894	5,894	5,894	---	---
AIR ASM.....	6,778	4,778	4,778	-2,000	---
JAX.....	603,743	569,543	583,743	-20,000	+14,200
A-6E IMPROV.....	237,952	232,052	187,952	-50,000	-44,100
ARM NINE COUNTERMEASURES.....	14,148	14,148	14,148	---	---
TAC AIR RECON.....	6,906	6,906	2,377	-4,529	-4,529
A/C SURVIV & VULNER.....	14,825	14,825	14,825	---	---
RETRACT YELLOW.....	25,728	5,000	5,000	-20,728	---
ADV SURF/AIR MSLG (ASAM).....	41,510	25,000	25,000	-16,510	---
LOW COST ANTI-RADIATION SEEKER.....	16,523	17,523	16,523	---	-1,000
SUBMARINE ASM STDOFF WPN.....	75,328	75,328	75,328	---	---
BEAAMC.....	11,183	5,000	11,183	---	+6,183
SURFACE MCM.....	24,908	24,908	24,908	---	---
SUB SONAR DEVEL (ADV).....	22,414	12,506	12,506	-9,908	---
SURFACE SHIP TORP DEF.....	45,199	40,199	40,199	-5,000	---
CATAPULTS.....	3,418	---	---	-3,418	---
SHIPING SYS COMP DEV.....	21,427	15,427	15,427	-6,000	---
SHIPBOARD DAMAGE CONTROL.....	32,320	23,606	25,000	-7,320	+1,394
ADV COMMAND DATA SYS.....	2,595	---	---	-2,595	---
SUB ARCTIC W/SPT EQUIP PR.....	9,748	9,748	9,748	---	---
PILOT FIM.....	93,964	93,964	93,964	---	---
NON ACOUSTIC ASM.....	22,104	22,104	22,104	---	---
ADV ASM TARGET.....	12,646	7,350	12,646	---	+5,096
SHIP SYS ENMR STNG.....	4,673	---	2,000	-2,673	+2,000
RETRACT JUMPER.....	25,368	25,368	25,368	---	---
RADIOLOGICAL CONTROL.....	3,585	2,196	2,196	-1,389	---
LINK BOSWOOD.....	26,247	26,247	26,247	---	---
SURFACE ADV.....	17,649	17,649	17,649	---	---
SUB HULL ARRAY DEV (ADV).....	13,206	8,211	8,211	-4,995	---
ADV SUB SYS DEVEL.....	180,586	183,000	180,586	---	+17,586
SUB TAC W/F SYS (ADV).....	23,171	23,171	23,171	---	---
SHIP DEVELOPMENT (ADV).....	14,639	13,657	13,657	-982	---
SURF SHIP NAVIS SYS.....	2,841	---	2,800	-841	+2,000
ATTACK SUBMARINE DEV.....	33,139	33,139	33,139	---	---
ADV M/C REACT COMP SYS DEV.....	120,175	120,175	120,175	---	---
SHIBO PHYSICAL SECURITY.....	3,703	3,703	3,703	---	---
CHALK EAGLE.....	68,783	68,783	68,783	---	---
AAW/AIS MUC PROP PLNT.....	3,327	3,327	3,327	---	---
COMBAT SYSTEM INTEGRATION.....	22,383	22,383	22,383	---	---
380-SI.....	100,836	89,000	89,000	-11,836	---
JOINT ADV SYS.....	132,348	---	---	-132,348	---
NINE DEVELOPMENT.....	1,944	4,464	4,464	+2,500	---
ALMT (ADV).....	10,113	---	7,000	-3,113	+7,000
HC ASSAULT VEHICLES.....	10,407	10,407	10,407	---	---
TAC MUC DEVELOPMENT.....	9,721	7,846	9,721	---	+1,875
ORD COMBAT/SUPP ARMS SYS.....	17,129	16,129	13,129	-4,000	-3,000
OCEAN ENMR SYS DEV.....	1,380	1,380	1,380	---	---
ANTI SUB W/F SIGN PROC.....	15,535	15,535	15,535	---	---

[in thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
FLEET TAC D&E PROGRAM.....	3,880	2,000	2,000	-1,880	---
COMMAND & CONTROL SYS(ADV).....	42,973	30,473	30,473	-12,500	---
CONTAINER OFFLOAD & TRANSFER SYS.....	1,515	1,515	1,515	---	---
NAVY EMERG PROGRAM (ADV).....	18,576	18,576	18,576	---	---
FACILITIES IMPROV.....	7,279	7,279	7,279	---	---
HERSHIP NAV AUX PROG.....	6,031	6,031	6,031	---	---
COMBAT SERVICES SUP (ADV).....	9,356	9,356	9,356	---	---
MC INTELL/ELEC WARFARE SYS.....	70	70	70	---	---
CHALK CORAL.....	3,039	3,039	3,039	---	---
LINK HAZEL.....	23,564	23,564	23,564	---	---
LINK LAUREL.....	35,345	35,345	35,345	---	---
ARIADNE.....	2,185	2,185	2,185	---	---
LINK SPRUCE.....	67,352	---	35,000	-32,352	+35,000
RETRACT MAPLE.....	8,247	8,247	9,747	+1,500	+1,500
MCCS SE&I.....	7,181	7,181	7,181	---	---
ASW SURVEILLANCE.....	19,458	17,458	17,458	-2,000	---
LRAP.....	15,678	15,678	15,678	---	---
SPECIAL PROCESSES.....	49,532	49,532	49,532	---	---
ROSS.....	15,380	---	---	-15,380	---
AVIONICS DEV.....	14,965	14,965	14,965	---	---
IFF SYS DEV.....	17,477	17,477	17,477	---	---
LAMPS III.....	16,006	14,100	1,906	-14,100	-12,194
HELICOPTER DEVELOPMENT.....	7,902	7,902	7,902	---	---
AV8B (ENG).....	72,078	55,178	72,078	---	+16,900
SUPPORT EQUIPMENT.....	16,428	13,128	14,494	-1,934	+1,366
SUPPORT EQUIPMENT (PY TRANSFER).....	---	(3,300)	---	---	(-3,300)
S-3 MPW SYS IMP S-3().....	15,955	15,955	15,955	---	---
ATR OCEAN EQUIP ENG.....	2,468	2,468	2,468	---	---
ADM ASW DEVELOPMENTS.....	6,136	6,136	6,136	---	---
A/C IR SIGM SUPPRESSION.....	3,945	2,000	2,000	-1,945	---
P-3 MODERNIZATION PROG.....	48,725	42,725	31,295	-17,430	-11,430
ADM EW ENG.....	62,298	62,298	60,000	-2,298	-2,298
ASPJ.....	24,985	19,169	24,985	---	+5,816
CV IZ ASW HELD.....	12,722	12,722	12,722	---	---
A/C PROPULSION (ENG).....	44,866	44,866	44,866	---	---
EW SIMULATOR DEV.....	40,275	36,000	36,000	-4,275	---
C/MH-S3E.....	2,300	1,500	2,300	---	+800
C/MH-S3E (PY TRANSFER).....	---	(800)	---	---	(-800)
ACOUSTIC SRCH SENSRS (ENG).....	42,630	30,630	30,630	-12,000	---
AVIATION LIFE SUPT SYS.....	32,809	30,000	30,000	-2,809	+10,000
A/C ENGINES COMP IMP PROG.....	65,843	64,943	65,843	---	+900
A/C ENGINES COMP IMP PROG (PY TRANSFER).....	---	(900)	---	---	(-900)
MR92 FCS UPGRADE.....	13,326	13,326	13,326	---	---
AEGIS AREA AIR DEF.....	11,081	9,927	11,081	---	+1,154
AEGIS AREA AIR DEF (PY TRANSFER).....	---	(1,154)	---	---	(-1,154)
CG-47 PRODUCT IMPROVEMENT.....	48,506	29,006	44,506	-4,000	+15,500
LINK ASH.....	13,636	13,636	13,636	---	---
ANRAAM.....	17,051	5,000	5,000	-12,051	---
VERTICAL LAUNCHING SYS.....	29,566	29,566	29,566	---	---
AAH SYSTEMS ENGINEERING.....	13,589	13,589	10,000	-3,589	-3,589
VLS ASROC.....	37,444	37,444	37,444	---	---
CIMS (PYALAND).....	7,612	7,612	4,771	-2,841	-2,841
MATO SEA SPARROW.....	8,047	3,047	3,047	-5,000	---
SH-2 (H).....	9,756	---	7,256	-2,500	+7,256
STANDARD NSL IMPROVEMENTS.....	47,185	47,185	47,185	---	---
TOMAHAWK.....	68,798	63,000	63,000	-5,798	---
5' ROLLING AIR FRAME NSLE.....	10,948	10,948	3,948	-7,000	-7,000
SSM-688 VLS.....	25,699	25,699	25,699	---	---
NEW THREAT UPGRADE.....	54,034	54,034	54,034	---	---
SUBMARINE COMM.....	4,426	4,426	4,426	---	---
SUB SONAR DEVELOP (ENG).....	40,299	40,299	40,299	---	---
AIR CONTROL ENG.....	20,335	20,335	20,335	---	---
BR/CM COUNTERMEASURES.....	6,079	6,079	6,079	---	---
CRSP.....	99,277	91,912	91,277	---	+7,365
RADAR SURVEILLANCE EQUIP.....	6,330	6,330	6,330	---	---

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
ADV TACT RAD.....	2,909	---	---	-2,909	---
INTELLIGENCE SYSTEMS.....	901	901	901	---	---
SUB SURV EQUIP PROG (ENG).....	19,429	13,747	15,429	-4,000	+1,682
SHIP SURVIVABILITY.....	5,904	5,904	5,904	---	---
CIC CONVERSION.....	29,204	29,204	29,204	---	---
SUB HULL ARRAY DEV (ENG).....	25,974	---	25,974	---	+25,974
SUBACS (ENG).....	205,205	---	---	-205,205	---
SSM-21 COMBAT SYSTEMS (A-E).....	---	60,000	200,000	+200,000	+140,000
SUB TAC W/F SYSTS (ENG).....	49,798	37,798	37,798	-12,000	---
SHIPBD PHYS SECURITY (ENG).....	4,617	4,617	3,617	-1,000	-1,000
SHIP SUBSYS DEV/LTS.....	89,418	80,000	120,000	+30,582	+40,000
NATO SEA GMAT.....	2,284	2,284	2,284	---	---
SHIPBD EW IMPROV.....	63,776	63,776	63,776	---	---
TACT EMBEDDED COMP PROG.....	19,169	9,169	9,169	-10,000	---
AM/SOS-33C.....	37,713	37,713	37,713	---	---
LINK BIRCH.....	4,078	4,078	4,078	---	---
KINE BEVEL (ENG).....	9,367	9,367	9,367	---	---
NAVAL GUNNERY IMPROVEMENT.....	15,870	9,870	9,870	-6,000	---
UNGUIDED COMBAT A/L WPKS.....	4,678	4,678	4,678	---	---
SAL GP/EO SENS BEVEL.....	48,717	44,717	44,717	-4,000	---
BOMB-FUZE IMPR.....	5,672	5,672	5,672	---	---
PK 50 TORP (ALWT).....	158,290	158,290	158,290	---	---
JOINT SERV EOD DEV (ENG).....	4,405	4,405	4,405	---	---
MC ASSAULT VEHICLES.....	45,653	16,802	16,802	-28,851	---
GRD COMBAT/SUP ARMS SYS.....	8,686	8,686	7,186	-1,500	-1,500
PK 48 ADCAP (ENG).....	63,470	63,470	63,470	---	---
ADM OCEANOGRAPHIC EQUIP.....	506	506	506	---	---
CHALK BANYAN.....	5,826	5,826	5,826	---	---
NAVY ENERGY PROGRAM (ENG).....	9,799	9,799	9,799	---	---
COMNAV & CONTROL SYS (ENG).....	66,173	49,173	49,173	-17,000	---
TACTAS (AM-SGR-19).....	16,200	10,000	10,000	-6,200	---
SURFACE W/F TRAINING DEV.....	25,821	23,410	23,274	-2,547	-136
SURFACE W/F TRAINING DEV (PY TRANSFER).....	---	(2,142)	---	---	(-2,142)
COMBAT SERVICES SUPP.....	3,638	3,638	3,638	---	---
INTELL/ELECT W/F SYS.....	14,159	14,159	14,159	---	---
COMNAV/CONT/COMB SYS.....	18,906	18,906	18,906	---	---
REGIONAL TACTICAL SURV.....	56,225	56,225	56,225	---	---
INTELLIGENCE (ENG).....	12,421	12,421	9,921	-2,500	-2,500
MEDICAL DEV (ENG).....	1,380	1,380	1,380	---	---
JINTACCS.....	5,622	2,480	5,622	---	+3,142
JINTACCS MC.....	2,945	1,648	2,945	---	+1,277
FLT TACT DUE.....	17,197	14,197	14,197	-3,000	---
EMI AND SPECTRUM CONTROL.....	3,870	2,297	3,870	---	+1,573
MANAG & TECH SUPPORT.....	11,063	8,063	8,063	-3,000	---
C2 SURV/RECONN SPT.....	3,979	3,979	3,979	---	---
MC TAC EXPLOIT NAT CAP.....	415	415	415	---	---
A6 SQUADRONS.....	19,205	18,500	12,196	-7,009	-6,304
F/A-18 SQUADRONS.....	58,314	58,314	65,000	+6,686	+6,686
EARLY WARNING ACFT SQRNS.....	23,666	23,666	23,666	---	---
AVIATION SUPPORT CWN.....	1,785	1,785	1,785	---	---
FLT TELECOM (TAC).....	72,697	41,000	41,000	-31,697	---
SUBMARINES.....	3,756	---	3,756	---	+3,756
UNDERSEA SURVEILLANCE SYS.....	25,217	25,217	25,217	---	---
SURTASS.....	2,186	2,186	2,186	---	---
SPECIAL PROJECTS.....	20,513	14,002	20,513	---	+6,511
NAVY COVER & RECEPT PROG.....	25,584	25,584	25,584	---	---
ELECTRONIC WARFARE SPT.....	8,573	8,573	8,573	---	---
COUNTER C3 DEV.....	22,563	22,563	22,563	---	---
NAVM IMPROVEMENT.....	2,636	2,636	2,636	---	---
JTIDS.....	184,646	---	---	-184,646	---
ADM COMBAT SYS INTEG.....	12,271	12,271	12,271	---	---
ACFT EQ REL/MAINT PROG.....	7,852	7,852	7,852	---	---
SUBMARINE SILENCING.....	31,638	31,638	31,638	---	---
MODULAR GUIDED WPN IMPR.....	7,682	---	---	-7,682	---
LAB FLEET SUPPORT.....	6,158	6,158	6,158	---	---

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
F-14 D.....	348,065	348,065	345,000	-3,065	-3,065
TACTICAL INTELL PROC SUP.....	1,456	1,456	1,456	---	---
EW COUNTER RESPONSE.....	80,168	80,168	78,204	-1,964	-1,964
OPERATIONAL REACTOR DEV.....	12,719	12,719	12,719	---	---
MARINE CORPS TELECOM.....	3,587	3,587	3,587	---	---
GRD COMBAT/SUP ARMS SYS.....	43,600	41,800	41,800	-1,800	---
COMBAT SERVICES SUP.....	1,449	1,449	1,449	---	---
INTELL/ELECT WARFARE SYS.....	1,163	1,163	1,163	---	---
COMMAND/CONT/COMM SYS.....	39,064	39,064	39,064	---	---
M/C TECH SUPT C/C SYS.....	4,094	4,094	4,094	---	---
TRI-TAC-MC.....	11,939	11,939	6,057	-5,882	-5,882
HY130 STEEL.....	---	---	5,000	45,000	45,000
NAVAL OCEANOGRAPHY.....	---	---	5,900	45,900	45,900
WHITEHALL QUICK REACTION SURV SYS.....	---	20,000	---	---	-20,000
WALLOPS ISLAND TEST RANGE.....	---	4,000	---	---	-4,000
SKIPPER/PRACTICE BOMB.....	---	10,000	---	---	-10,000
GENERAL REDUCTION, EW PROGRAMS.....	---	-30,000	---	---	430,000
TAIL CONTROL SPARROW.....	---	5,000	---	---	-5,000
CLASSIFIED PROGRAM.....	---	1,500	---	---	-1,500
GUIDED PROJECTILE.....	---	2,500	---	---	-2,500
TOTAL, TACTICAL PROGRAMS.....	6,160,962	5,109,983	5,385,043	-775,919	425,060
=====					
INTELLIGENCE & COMMUNICATIONS					
ADV NAVIG DEVELOPMENT.....	1,941	1,941	1,541	-400	-400
NAVIGATION SYSTEMS.....	920	920	920	---	---
ENF SATCOM.....	45,437	39,700	39,700	-5,737	---
NAVSTAR GPS.....	70,079	62,079	62,079	-8,000	---
C2 SYSTS PLAN/ENG SUPP.....	5,466	5,466	5,466	---	---
SATELLITE COMMUNICATIONS.....	17,973	17,973	17,973	---	---
MILSTAR JOINT PROJ OFFICE.....	4,418	4,418	4,418	---	---
CLASSIFIED PROGRAMS.....	557,773	380,973	517,773	-40,000	4136,800
(PY TRANSFER).....	---	(27,200)	---	---	(-27,200)
TOTAL, INTELLIGENCE & COMMUNICATIONS.....	704,007	513,470	649,870	-54,137	4136,400
=====					
DEFENSEWIDE MISSION SUPPORT					
RANGE INST & SYS DEV.....	8,382	8,382	8,382	---	---
TARGET SYSTEMS DEV.....	109,012	99,012	99,012	-10,000	---
TRNG & PERS SYS DEV.....	3,086	2,000	3,086	---	41,086
STUDIES & ANAL SUP/MC.....	1,785	1,785	1,785	---	---
STUDIES & ANAL SUP/NAVY.....	3,977	3,689	3,977	---	4288
MCDAG.....	3,714	3,078	3,714	---	4636
CENTER FOR NAVAL ANAL/NAVY.....	21,813	15,563	19,813	-2,000	44,250
MC OPERATIONAL TIE.....	2,317	2,317	2,317	---	---
TECH INFO SERVICES.....	2,744	2,244	2,244	-500	---
AUTEC.....	51,914	43,197	43,197	-8,717	---
DEVELOPMENT CENTER SUPPORT.....	3,958	3,958	3,958	---	---
INTERNATIONAL RDT&E.....	2,436	1,836	1,836	-600	---
MOBILE SEA RANGE.....	5,268	5,268	5,268	---	---
RDT&E LAB & FAC MGMT SPT.....	66,278	58,000	57,978	-8,300	-22
RDT&E INSTRUM & MATL SPT.....	20,321	19,321	19,321	-1,000	---
RDT&E SHIP & AIRCRAFT SPT.....	84,293	78,293	78,293	-6,000	---
TEST AND EVAL SPT.....	294,480	294,480	292,680	-2,480	-2,480
OT&E CAPABILITY.....	6,503	6,503	6,503	---	---
PRODUCTIVITY IMPROVEMENT.....	2,855	---	---	-2,855	---
WEATHER SERVICE.....	1,146	1,146	1,146	---	---
DEF METEOROLOG SATELL PROG.....	55,975	40,975	55,975	---	415,000
MANUFACTURING TECH.....	72,426	52,000	52,000	-20,426	---
TOTAL, DEFENSEWIDE MISSION SUPPORT.....	824,883	743,047	761,805	-62,878	418,758
=====					

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
GENERAL REDUCTION.....	---	-37,500	---	---	+37,500
RESTORATION OF CIVILIAN PAY REDUCTION.....	---	---	3,300	+3,300	+3,300
GENERAL REDUCTION CONSULTANTS/STUDIES ANALYSIS.....	---	20,000	-5,000	-5,000	+15,000
PRIOR YEAR INFLATION SAVINGS.....	---	-60,000	-60,000	-60,000	---
(PY TRANSFER).....	---	(60,000)	(60,000)	(+60,000)	---
INFLATION ESTIMATES FOR FY 1986.....	---	-11,000	-11,000	-11,000	---
PRIOR YEAR PROGRAM SAVINGS.....	---	-176,000	-123,000	-123,000	+53,000
(PY TRANSFER).....	---	(176,000)	(123,000)	(+123,000)	(-53,000)
NATO COOPERATIVE R&D PROGRAMS.....	---	---	50,000	+50,000	+50,000
=====					
TOTAL: RESEARCH DEVELOPMENT TEST & EVAL: NAVY.....	11,264,300	9,462,631	10,104,594	-1,159,706	+641,963
TRANSFER FROM OTHER ACCOUNTS.....	---	(271,496)	(183,000)	(+183,000)	(-98,496)
TOTAL FUNDING AVAILABLE.....	11,264,300	9,191,135	10,287,594	-976,706	+553,467

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, AIR FORCE

1985 appropriation.....	\$13,424,147,000
1986 budget estimate.....	15,578,500,000
House allowance.....	13,217,177,000
Committee recommendation.....	13,861,113,000

The Committee recommends an appropriation of \$13,861,113,000, a reduction of \$1,717,387,000 to the budget request. The Committee recommendation is \$643,936,000 above the House allowance.

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Change from budget
Technology base.....	825,213	782,109	792,834	- 32,379
Advanced technology development.....	713,971	685,015	637,762	- 76,209
Strategic programs.....	5,743,785	5,395,316	5,320,237	- 423,548
Prior year transfer to small ICBM.....	---	---	(256,000)	(+ 256,000)
Tactical programs.....	3,792,137	2,703,516	2,748,171	- 1,043,966
Intelligence and communications.....	2,382,832	2,081,651	2,365,467	- 17,365
Defensewide mission support.....	2,120,562	1,959,570	1,966,642	- 153,920
Consultants.....	---	- 25,000	- 25,000	- 25,000
Restoration of civilian pay reduction.....	---	---	24,400	+ 24,400
Environmental Fund restoration trans- fer.....	---	---	- 5,400	- 5,400
Inflation estimates for fiscal year 1986.....	---	- 14,000	- 14,000	- 14,000
NATO cooperative R&D.....	---	---	50,000	+ 50,000
Prior year inflation/program savings/ general reductions.....	---	- 351,000	---	---

The budget activities and programs funded under this appropriation are discussed below. These activities and programs require annual authorization prior to appropriations pursuant to the provisions of section 412(b) of Public Law 86-149, as amended.

TECHNOLOGY BASE

The recommended program includes \$792,834,000 for technology base. This activity funds basic research and exploratory development, with the goal of increasing scientific knowledge to maintain U.S. technological superiority, avoid technological surprises and lead to the acquisition of more cost-effective weapons systems.

The Committee recommends the following changes in the budget estimate, taking no general reductions:

In-house laboratory independent research.—The Committee recommends an appropriation of \$17,000,000 for in-house laboratory independent research, a reduction of \$444,000 to the budget request. This recommendation shows a 16-percent budget expansion for this program which was proposed even though the workload was projected to continue as in fiscal year 1985.

Defense research sciences.—The Committee recommends an appropriation of \$201,334,000 for defense research sciences, a reduction of \$5,000,000 to the budget request. The Air Force proposed a 9-percent increase for its fiscal year 1986 research program. The Committee recommendation provides for a 6.7-percent increase, permitting real growth beyond the rate of inflation.

Materials.—The Committee recommends an appropriation of \$53,000,000 for materials, a reduction of \$1,769,000 to the budget request. The Air Force proposed a 9.5-percent increase for its fiscal year 1986 Materials Research Program. The Committee recommendation provides for 6 percent growth, permitting expansion of the program beyond the rate of inflation.

Aerospace biotechnology.—The Committee recommends an appropriation of \$48,000,000 for aerospace biotechnology, a reduction of \$2,840,000 to the budget request. The Air Force proposed a 13-percent increase for its Aerospace Biotechnology Program in fiscal year 1986. The Committee recommendation would provide for a 6.7-percent increase, permitting program expansion beyond the rate of inflation.

ADVANCED TECHNOLOGY DEVELOPMENT

The recommended program includes \$637,762,000 for advanced technology development. This budget activity funds alternatives and concepts prior to the engineering development of specific weapons systems. New technological developments are pursued which are not formally identified prior to specific operational requirements. The fiscal year 1982 Air Force program includes funding for aircraft propulsion and electronics technology, very high speed integrated circuits, air warfare detection acquisition and weapon technology, personnel technology, information processing and flight simulator technology, and other related activities.

The Committee recommends the following changes in the budget estimate:

ADVANCED AVIONICS

The Committee recommends an appropriation of \$21,651,000 for advanced avionics for aircraft, a reduction of \$1,000,000 to the budget request. The recommendation would delete funds for the advanced weapon delivery project, which is proposed for a fourfold expansion. The Committee recommendation would still permit funding for this project to triple in fiscal year 1986.

WEAPON SYSTEM POWER

The Committee recommends an appropriation of \$1,267,000 for weapon systems power, a reduction of \$680,000 to the budget request. The recommendation deletes funding for a new project start, missiles systems power. This project would provide lithium battery technology for advanced tactical weapons and missiles, such as the GBU-15 and AMRAAM. The Committee deferred this new start in fiscal year 1985, and once again does not consider it an urgent Air Force priority.

CREW SYSTEMS TECHNOLOGY

The Committee recommends an appropriation of \$12,054,000 for crew systems technology, a reduction of \$700,000 to the budget request. The Committee would defer funding for the space biotechnology project, which would exploit and optimize the utility of human operations in space to perform military missions. The Air Force has not yet justified this activity to the Committee's satisfaction. It directs the Air Force to submit a requirements report on the need for this activity to the Committee with the submission of the fiscal year 1987 budget.

ADVANCED SYSTEM INTEGRATION DEMONSTRATION

The Committee recommends an appropriation of \$32,727,000 within the INEW/ICNIA authorization for advanced systems integration demonstration, a reduction of \$3,600,000 to the budget request. The recommendation provides one-half of the funding request of \$7,200,000 for a new project start, PAVE SPRINTER.

This project would flight demonstrate in on F-15, F-16, and possibly an F-111 aircraft a limited physical implementation of the standard modular system architecture [SMSA] development in this program. The primary purpose is to show the benefits of VHSIC technology to these aircraft.

The Committee is supportive of this effort, but prefers it to start at a lower level of effort in fiscal year 1986. The reduction is made without prejudice to the program.

CONVENTIONAL WEAPONS

The Committee recommends an appropriation of \$25,590,000 for conventional weapons, a reduction of \$3,000,000 to the budget request. This recommendation reduces all funding for a new project start, retaliatory chemical technology and applies a reduction of \$2,400,000 against the ordnance technology and guidance technology projects, both of

which will still receive funding growth for fiscal year 1986 beyond the rate of inflation.

WEATHER SYSTEMS

The Committee recommends an appropriation of \$3,463,000 for weather systems, a reduction of \$500,000 to the budget request. The Air Force proposed to increase this program by \$1,008,000 over fiscal year 1985 levels to initiate development work to achieve an automated capability to sense cloud bases above 10,000 feet. The Committee believes that this program can be reduced without significantly impairing the progress of this advanced technology development activity.

FIBER OPTICS DEVELOPMENT

The Committee recommends an appropriation of \$3,461,000 for fiber optics development, a reduction of \$400,000 to the budget request.

STRATEGIC PROGRAMS

The recommended program includes \$5,320,237,000 for strategic programs. This budget activity provides for all research and development on Air Force strategic offensive, defensive, and command, communications, and control programs. The development of these systems will provide a survivable land-based intercontinental ballistic missile retaliatory capability, modernization of the strategic bomber force and survivable strategic communications.

The Committee recommends the following changes and recommendations to the budget estimate:

ADVANCED STRATEGIC MISSILE SYSTEMS

The Committee recommends an appropriation of \$163,934,000 for advanced strategic missile systems, a reduction of \$10,000,000 to the budget request. The Committee recommendation fully funds the authorized fiscal year 1986 Air Force ASMS program. The Committee also proposes the creation of a joint Navy/Air Force penetration aids program. For further discussion of Committee rationale for this consolidation, see the Trident II SLBM section of the Navy R&D report.

ASMS is the only program in the Department of Defense which funds advanced technology work on ICBM systems and subsystems, such as ICBM reentry vehicles, penetration aids, maneuvering reentry vehicles [MaRV's], dormant guidance systems, and defense suppression technologies. The Committee is encouraged that ASMS has been given higher priority in the fiscal year 1986 budget than in prior years. A strong research and advanced technology program in this field provides for a hedge against expanded Soviet ballistic missile defense activity.

The Committee is encouraged to see that the out-year Air Force program for ASMS will lead to two Peacekeeper flight tests with penetration aids, and possible full-scale development start of pen aids for Peacekeeper and Minuteman III in fiscal year 1987.

The Committee encourages the Air Force to maintain these schedules. It would hope that a penetration aids procurement program for Peacekeeper could be completed soon after conclusion of Peacekeeper missile deployment.

SRAM II

The Committee recommends an appropriation of \$35,000,000 for the SRAM II, a reduction of \$43,958,000 to the budget request. These funds are provided solely for continued development of an austere version of the SRAM II, as authorized by Congress.

The SRAM II is proposed as a replacement for the existing SRAM, whose inventory is steadily declining. The Air Force proposed a SRAM II development effort that would have provided for evaluation of both solid rocket and integral rocket ramjet technologies. The goal of this program is to develop a supersonic short-range attack missile for the B-1B and ATB with far superior speed, range, accuracy, and survivability than the current SRAM. Following completion of a pre-FSD study, the program will transition to full-scale development in fiscal year 1986.

The Committee encourages the Air Force to be fully responsive to congressional concerns on keeping the SRAM II development effort austere and on schedule. The Committee understands that this guidance may foreclose a full evaluation of all technology options, but it believes that the SRAM II development program must be affordable. The Committee encourages the Air Force to conduct a comprehensive review of the economies associated with single-source as compared to dual-source production for the SRAM II, and report its findings back to the Committee prior to initiation of full-scale development.

ICBM MODERNIZATION

The Committee recommends an appropriation of \$1,274,824,000 for ICBM modernization, a reduction of \$306,000,000 to the budget request. This program funds development and flight testing for the MX Peacekeeper ICBM, development of the small ICBM, and the silo hardening and deep basing technology programs.

The Committee recommends the following distribution of ICBM modernization funds:

[In thousands of dollars]

	Budget estimate	Committee recommendation
MX Peacekeeper	784,124	784,124
Small ICBM	624,500	368,500
(Prior year transfer to SICBM)		(+ 256,000)
Silo hardening	152,200	102,200
Deep basing	20,000	20,000
Total, ICBM modernization	1,580,824	1,274,824
Prior year transfer to small ICBM		(+ 256,000)

MX.—The Committee strongly supports continuation of the MX Peacekeeper Development and Flight Testing Program. The fiscal year 1986 program supports five R&D flight tests from Vandenberg AFB, CA, as well as completion of final weapons systems ground tests to assess the performance and nuclear survivability of the weapons system. An additional five R&D flight tests will be conducted in fiscal year 1987 to verify the operational test and evaluation instrumentation and penetration aids system performance. All Peacekeeper testing is being conducted as planned to confirm weapons system performance/characteristics prior to deployment at F.E. Warren AFB, WY.

The Committee notes that irrespective of whether the final MX deployment is 50 or 100, there is a requirement to buy missiles for operational testing. MX developmental testing will conclude in fiscal year 1987, but a total of 108 missiles must be procured to support MX operational testing during the lifetime of the missile's deployment. As the Commander in Chief of the Strategic Air Command noted in answer to Committee questions:

Operational flight testing is to ICBM's what flying hours are to aircraft. It is the only way to establish a data base on an ICBM's system's reliability and accuracy under operational conditions. The results of these tests allow us to accurately estimate the system's capability, throughout its life cycle, to perform its mission.

The Committee is concerned that the reduction of \$50,000,000 to Peacekeeper RDT&E proposed by the House may adversely affect the Peacekeeper engineering and flight test activities necessary to field and maintain the missile as an operational strategic weapons system. Although no Peacekeeper R&D flight tests would be deleted during fiscal year 1986 due to this reduction, a number of other activities would be affected, such as:

- The timely completion of scheduled qualification tests, necessary prior to full production go-ahead, for all missile subsystems;
- Delay of nuclear hardness certification;
- A stretchout of electrical and mechanical integration activities critical to final systems level integration using operational hardware and software; and
- Delay in the completion of, and launches from, the operational

configuration launch control facility [LCF] at Vandenberg. In addition, ongoing silo integration testing might have to be curtailed, which would impact final integration activities of the silo and canister mechanical subsystem.

In the view of the Committee, the fiscal year 1986 research and development budget request for Peacekeeper should be fully funded. The fiscal year 1986 budget request concludes a number of R&D activities that are critical to the Air Force's ability to field an operational strategic weapons system.

Small ICBM.—The Committee recommends an appropriation of \$368,500,000 in new budget authority for the Small ICBM Program and the use of \$256,000,000 in unobligated fiscal year 1985 R&D funds identified by the Department of Defense to fully fund fiscal year 1986 small ICBM budget requirements.

The Defense Authorization Act added \$100,000,000 to the Small ICBM Program. The Committee has concluded, after a review of the small ICBM funding profile, that the President's budget request of \$624,500,000 fully funded the program and that the additional \$100,000,000 is not required. The Air Force has informed the Committee that the additional funds would be used for risk reduction activities in the following areas:

- Increase propulsion efforts to obtain additional data on the technological challenges of advanced propellants and case design;
- Expand analysis and advanced development in support of electronic component hardening;
- Expand efforts to assess hard mobile launcher [HML] resistance to nuclear blast and effects (including more extensive testing and modeling); and
- Permit conduct of a higher level of instrumentation range safety system design and development.

The Air Force told the Committee the additional funds would not be sufficient to permit an acceleration of the program.

The Committee notes that the fiscal year 1986 budget request for the Small ICBM Program was \$142,470,000 greater than last year's projection for fiscal year 1986. At least this amount has already been added to the program for risk reduction activities by expanding pre-FSD competition in propulsion and guidance systems.

The Committee notes that the July 8, 1985, report of the General Accounting Office on the ICBM Program noted that various technical and programmatic issues have surfaced with respect to the Small ICBM Program. These issues include, but are not limited to: life-cycle costs associated with deployment of a single-warhead ICBM; missile development constraints—primarily the weight limitation of 30,000 pounds; potential operational effectiveness; land availability; and manpower requirements.

The Committee is particularly concerned with the added costs that would certainly be associated with basing the small ICBM solely in a mobile mode. Air Force projections of small ICBM manpower require-

ments for a 500-missile force range from 15,000 to 20,000 for hard mobile basing to 3,000 to 4,000 for hard silo basing. Manpower-intensive mobile basing schemes would necessitate large Air Force end strength increases, unless the personnel slots associated with mobile basing are taken away from other Air Force activities. It requests that the Air Force provide it with a report on the feasibility of dual basing (hard mobile and hard silo) with the fiscal year 1987 budget request.

Guidance issues.—The Committee notes that the baseline Small ICBM Program funds four separate guidance contracts totaling \$60,000,000. At the onset of the Small ICBM Program 2 years ago, the decision was made to maintain a competitive guidance effort in order to provide alternates to the advanced inertial reference sphere [AIRS], which is being modified for application to the small ICBM. The Small ICBM Program funds two alternate ring laser gyro contracts and a stellar-inertial guidance contract. The current program calls for a down-select from three to one alternate guidance competitor against the modified AIRS by the end of fiscal year 1986. The final selection of the guidance system for the small ICBM will be made in 1987, after a vigorous competition culminated by flying the competitors against each other on two Minuteman flight tests.

The Committee is supportive of the concept of competition in the Small ICBM Guidance Program. However, it is concerned that R&D funding support for four guidance contracts through fiscal year 1986 is not necessary to maintain Air Force competitive program goals, and is redundant and unjustifiable in the current budget climate.

The Committee recommends that a total of \$15,700,000 for one of the three alternate small ICBM guidance contracts not be obligated or expended until the Secretary of the Air Force certifies in writing that expenditure of such funds is necessary for maintenance of competition in the small ICBM guidance effort. The certification should address the issue of why funding for three alternate guidance contracts throughout fiscal year 1986 is required, when the Air Force intends to select only one for head-on competition against modified AIRS.

Propulsion.—The Committee strongly supports DOD acquisition policy which emphasizes the need for competition in weapon system production bids in addition to competition in research and development.

With respect to the SICBM, the Committee notes the following recommendation of the "Schriever Report" with respect to competition in missile propulsion:

Selection of at least two pre-FSD contractors for each stage. Prior to FSD, a single design should be chosen for each stage, although the Air Force should consider dual sources, as appropriate.

The Committee commends the Air Force in following the Schriever Report recommendations in the pre-FSD phase. Furthermore, the Committee recommends that as the program proceeds into FSD the Air Force should consider a separate contractor for each of the three stages, but definitely select the best design evolving from the competitive pre-FSD program (on each stage).

The benefits of this approach are:

1. At least three contractors could be fully "on-board" the program at the time of the production selection process.
2. The separate-contractor-per-stage approach remains consistent with the successful approach taken on Minuteman I, II, and III and on MX.
3. Provides a viable, low-cost, option to maintain competition through FSD and into production if in the Government's best interest.
4. The propulsion industrial base is maximized for:
 - a. Backup support for SICBM if one contractor should encounter serious difficulties in development.
 - b. Assuring propulsion competition beyond the current SICBM for payload improvements, alternate basing concepts and propulsion needs of SDI.

Silo hardening.—The Committee recommends an appropriation of \$102,200,000 for hard silo research and development, a reduction of \$50,000,000 to the budget request. The Committee strongly supports continuation of the Hard Silo Technology Program. This program provides the Air Force the option to deploy either the small ICBM or a second complement of 50 Peacekeeper missiles in hard silos. Successful scale model tests of superhard silos from 25,000 to 50,000 pounds per square inch have already been conducted under the program, demonstrating the technical feasibility of silo hardening to levels 10 to 15 times greater than current Minuteman silos. While the Committee cannot comment on the accomplishment of the Silo Hardening Program at various scales and overpressures due to classification, it can state that the progress made to date is very promising.

A hard silo-based ICBM force could provide a survivable complement to mobile-based ICBM's, thus complicating both Soviet targeting strategy and strategic resource allocation decisionmaking. In many ways, the technology work performed over the past few years in this program has rewritten the book on silo hardening, reversing previous assumptions about how hard a silo could be built. Related phenomena, such as cratering, also appear to be less of a concern than previously anticipated, according to Defense Nuclear Agency analyses.

However, the Committee concurs in the observation of the authorization conference that the current cost estimates for hard silo options are too high. It is the understanding of the Committee that the Office of the Under Secretary of Defense for Research and Engineering is continuing to monitor the Hard Silo Technology Program, and is placing special emphasis on affordability concerns. The Committee is encouraged by this USDR&E oversight of the Hard Silo Technology Program.

The Committee disagrees with the proposed reduction to the Hard Silo Program made by the authorization conference, which would reduce the program by more than one-half to only a \$70,000,000 effort. Near-term solutions to reducing the cost of hard silo basing options will not be obtained by cutting RDT&E funding—rather, this will prolong the search for such solutions.

If funded at the \$102,200,000 level, a number of additional tasks could be performed to further reduce the overall technical risk in the Silo Hardening Program. Large component testing of superhard silos can be done for approximately \$20,000,000 to \$25,000,000. Funds are required to clear the large size-1 test site of unburned explosives and repair fire damage to the structure caused by the late August fire at the test site. The test-bed for the large size-1 site also needs to be rebuilt. At least \$5,000,000 is required for these restoration activities. Additional risk reduction activity associated with the silo hardening technology requires another \$5,000,000 to \$10,000,000. From \$30,000,000 to \$40,000,000 of additional funding beyond the authorization allotment is required for these activities in fiscal year 1986.

The Committee notes that the authorization terminated additional R&D on enhanced superhard silos. No funds are recommended for continuation of that effort.

The Committee recommends \$102,200,000 for the Hard Silo Program, believing that this is the minimum amount required for the program continuity for fiscal year 1986.

STRATEGIC CONVENTIONAL STANDOFF CAPABILITY

The Committee recommends an appropriation of \$36,000,000 for strategic conventional standoff capability, a reduction of \$35,787,000 to the budget request. This program involves development of improvements to the B-52G aircraft to provide it with a capability to more efficiently execute global conventional bombing missions.

The upgrades proposed involve development of an integrated conventional stores management system [ICSMS], an active targeting sensor, and a special classified program.

The Committee supports these improvements and recommends funding the program at the authorized level. The Committee recommends that the \$35,787,000 be deleted from the Active Targeting Sensor Development Program, which was proposed for an increase from \$3,381,000 in fiscal year 1985 to \$63,559,000 in fiscal year 1986. The Committee notes that this project involves employment of synthetic/inverse synthetic aperture radar [SAR/ISAR], with ship classification capability and moving target track capability.

The proposed missions—global conventional weapon coverage in a timely manner—are of interest, but at this point in time seem to be more of a nice-to-have variety. The SCSC improvements can be implemented gradually without any loss of capability in current, online B-52 aircraft.

The Committee understands that another proposed mission—attack of strategic relocatable targets—is also being examined under the SCSC Program. The Committee requests that the Air Force submit a report on this potential new bomber mission with the fiscal year 1987 budget request.

Identification of excesses available for withdrawal.—The Committee was informed in May that the following Air Force strategic programs

have identified excess funds available for withdrawal: B-52 squadrons, \$2,840,000, and defense support, \$24,000.

Joint surveillance system.—The Committee recommends an appropriation of \$2,069,000 for the joint surveillance system, a reduction of \$1,000,000 to the budget request. The recommendation would provide one-half of the first year's funding request of \$2,000,000 for a new project start, atmospheric tactical warning connectivity. The Committee recommends that the proposed connectivity alternatives study not begin until April 1986, rather than January, as planned.

WWMCCS

The Committee recommends an appropriation of \$63,721,000 for the WWMCCS information system, a reduction of \$25,000,000 to the budget request. This is the same recommendation made by the Senate Armed Services Committee.

The Committee recommends that this reduction be applied against an increase proposed to support expanded software and Ada Foundation development. These items were not projected as fiscal year 1986 funding requirements last year.

MILSTAR TERMINALS

The Committee recommends an appropriation of \$128,095,000 for MILSTAR Air Force terminals, a reduction of \$4,000,000 to the budget request.

The Air Force added some \$12,589,000 to the fiscal year 1986 R&D program to cover development work on additional terminal design tasks. These tasks were never specified in the congressional descriptive summary on the program. The Committee recommends a general reduction of \$4,000,000 against the Air Force's MILSTAR Terminal Program, and directs that none of the funds appropriated be diverted from the classified project described in the justification for the fiscal year 1986 program.

MEECN

The Committee recommends an appropriation of \$187,199,000 for the Minimum Essential Emergency Communications Network, an increase of \$90,000,000 to the budget request. The recommendation provides for the fully authorized fiscal year 1986 MEECN Program, and also adds a total of \$100,000,000 to begin a program to improve the capability of Air Force airborne command posts to communicate with Navy TACAMO aircraft.

In a closed hearing on the Navy's E-6A Aircraft Program, the Committee heard testimony from both the Department of Defense and the General Accounting Office on the outyear requirement to improve the airborne communications capability of Air Force airborne command posts with Navy TACAMO aircraft. In the view of the Committee, this program must be accelerated prior to any decision to commit to production of the E-6A TACAMO aircraft. These improvements must be in-

initiated and programmed by the Department of the Air Force if the Navy is to be able to fully exploit the range and payload capabilities of the F-6A and the Trident submarine strategic weapons system.

The Committee understands that a minimum of \$100,000,000 is required to initiate an ABNCP wire antennae and VLF Transmitter Improvement Program. The initiation of this program by the Air Force will complement Navy programs to install the enhanced verdin processor and compact VLF receiver on TACAMO aircraft, which will significantly enhance the downlink range potential of the TACAMO aircraft.

The Committee recommends that the Department of Defense, Office of the Assistant Secretary for C/I provide it with a program outline for the initiation of this effort by no later than March 1, 1986.

AIR FORCE ONE

The Committee recommends an appropriation of \$20,000,000 for Air Force One research and development, an unbudgeted item. These funds would be used to initiate development and testing activities on alternative candidates to the existing fleet of Air Force One Presidential aircraft.

Subsequent to the submission of the fiscal year 1986 budget, the Air Force notified the Committee of a requirement to procure two new aircraft for Presidential transport. Current plans call for release of a request for proposal to industry no later than December 31, 1985, with contract award by June 30, 1986. The Air Force intends to examine commercial, off-the-shelf wide-bodied aircraft with more than two engines to meet the proposed White House/Air Force acquisition strategy. First aircraft delivery is anticipated to be in the November-December 1988 time frame.

The Committee is supportive of this initiative. It encourages the Air Force to follow a competitive acquisition strategy for all qualified American wide-bodied aircraft manufacturers meeting the criteria specified in the RFP.

The Committee recommends that all future developmental and testing activity be included in the Air Force RDT&E budget requests of fiscal years 1987-90.

SAC COMMUNICATIONS

The Committee recommends an appropriation of \$7,589,000 for SAC communications, a reduction of \$3,036,000 to the budget request. The Committee recommends that a new project start, super high frequency [SHF] satellite communications, receive a smaller initial year funding. The SHF SATCOM project will relay SATCOM messages over the Defense Satellite Communications System III satellite to receivers located at ICBM launch control centers. The SHF communications link is more jam-resistant than the existing UHF links. This reduction is made without prejudice.

TACTICAL PROGRAMS

The recommended program includes \$2,748,171,000 for tactical programs. This activity provides for advanced, engineering, and operational systems development on all aspects of Air Force tactical warfare efforts. This includes developments to improve Air Force tactical capabilities in combat missions such as air superiority, interdiction, close air support to land combat forces, suppression of enemy air defenses, airlift, airborne early warning and control, communications, identification, navigation, and electronic warfare.

ADVANCED TACTICAL FIGHTER

The Committee recommends an appropriation of \$140,000,000 for the advanced tactical fighter, a reduction of \$102,852,000 to the budget request. The Committee recommends that a total of \$27,000,000 be earmarked for the continuation of a competitive air vehicle demonstration and validation for not less than three contractors. A total of \$13,000,000 is provided for avionics development, to include Pave Pillar and VHSIC technology insertion. A total of \$100,000,000 is provided for the Joint Advanced Fighter Engine Development Program. The Committee notes more than \$150,000,000 is budgeted for ATF-related technologies elsewhere in the Air Force RDT&E Program.

The ATF is proposed as the Air Force's next generation air superiority fighter aircraft, a 1995 replacement for the F-15 and F-16 fighters. The ATF will have more advanced technological capabilities than either of these aircraft, including sustained supersonic dash, internal weapons carriage, blended aerodynamic design—including low observable technology—and higher thrust (32,000 pounds) engines. The ATF will also have STOL (short takeoff and landing) capabilities, high transonic and supersonic maneuverability, and an expanded flight envelope and improved survivability. Preliminary indications are that ATF will be at least a 50,000-pound aircraft. The demonstration and validation phase of ATF is proposed to continue through fiscal year 1989, with full-scale development on a single ATF design to begin in that year. The Air Force proposes an initial operating capability of fiscal year 1995 for ATF. However, the ATF demonstration/validation RFP was released late, and the IOC for the program may be slipped to 1996 if outyear funding is not sustained.

The ATF Program proposed by the Air Force is a leap forward in U.S. fighter aircraft technology. The significant improvements proposed for ATF are based upon the requirement to design a fighter aircraft that will stay ahead of the Soviet threat—a threat that increases year by year. The Committee supports an ATF development effort as a long-term counter to Soviet tactical air improvements, but is concerned that the current program does not provide sufficient time to absorb all of the technology outlined above, and that the program entails unacceptable risks.

Moreover, these advanced technologies will be very expensive to ob-

tain. The current estimate of research and development costs for ATF is \$11,800,000,000 (fiscal year 1985 dollars). As noted in a Congressional Budget Office study for the Defense Subcommittee on Air Force tactical fighter issues, unit flyaway costs of each ATF could have gone as high as \$40,000,000 (fiscal year 1985 dollars), with total unit acquisition costs far higher. The Air Force is now baselining ATF unit flyaway costs to \$35,000,000 (fiscal year 1985 dollars). Yet it has not identified how it will reduce ATF costs without deleting technical features previously identified as aircraft requirements.

The Committee believes that the cost of ATF could have a key impact on the ability of the Air Force to sustain its tactical air forces. Cost, as well as technology, must be given priority attention in the development of ATF. Because of its interest in keeping ATF under close congressional scrutiny, the Committee directs the Department of the Air Force to submit an annual report on the future likely cost of ATF, beginning with the fiscal year 1987 budget submission. This report should address both developmental and total acquisition costs, to include a line-by-line accounting for all ATF-related development activity funded outside the ATF budget line item.

The Committee recommends that a 20-percent limit be placed on the ATF Program unit flyaway costs (that limit above F-15 costs which ATF cannot exceed), and that this limit be made the baseline of the ATF Development Program. The Committee supports the ATF Development Program, but insists that the Air Force and OSD take measures to monitor its true costs, in an effort to produce an affordable and technologically superior fighter aircraft for the next century.

ADVANCED TACTICAL AIR RECONNAISSANCE

The Committee recommends an appropriation of \$10,000,000 for the advanced tactical air reconnaissance system, a reduction of \$10,339,000 to the budget request. This program involves electro-optical sensor validation and flight demonstration of an F-16 configured with a sensor pod, and also Air Force analysis and evaluation of unmanned air vehicles for reconnaissance missions.

The Committee questions the need to proceed with the program as rapidly as the Air Force proposes. The Air Force proposes start of FSD on the electro-optical sensor for the F-16 in October 1986, with a possible production decision by 1989. This could result in evolution of an F-16R—a reconnaissance version of the F-16 with engineering changes to be incorporated directly in production lines during the 1990's.

The Committee is uncertain about the validity of an Air Force requirement for an unmanned air reconnaissance vehicle, and to what extent the Air Force analysis of existing unmanned air vehicles can lead to a reconnaissance RPV with long-range capabilities similar to those of aircraft.

COMBAT HELICOPTER MODERNIZATION

The Committee recommends denial of the budget request of \$14,100,000 for combat helicopter modernization. This program would continue testing and development of the HH-60A combat search and rescue helicopter. The Committee has denied procurement funding for this program, and recommends instead a replacement program comparable to the Army's UH-60A helicopter configured for night operations.

For further discussion of the Committee position on this item, see the aircraft procurement, Air Force section of the Committee report.

INTEGRATED DIGITAL AVIONICS

The Committee recommends an appropriation of \$8,000,000 for integrated digital avionics, a reduction of \$3,763,000 to the budget request. The Air Force proposes to begin efforts to add weather and beacon modes to the multimode radar [MMR] for incorporation into the JVX aircraft.

This program provides for accelerated development of specialized avionics for Air Force combat search and rescue, and also special operations rotary wing aircraft (HH-60A, HH-53; also JVX). This specific effort would develop a multimode derivative of the LANTIRN radar for JVX.

The Committee proposes to slow accelerated development of this capability for the Air Force, primarily out of the constraints of a limited defense budget, but also out of concern that the Air Force might attempt to adapt this radar to other rotary wing aircraft. Slowing fiscal year 1986 development on this program will not impact the JVX (V-22) aircraft development, which is fully funded in the Navy.

SUBMUNITIONS

The Committee recommends an appropriation of \$38,910,000 for submunitions, a reduction of \$5,000,000 to the budget request. The Committee would delete \$1,100,000 for ERAM submunition development, and \$3,900,000 for the TGSM/SADARM evaluation. It recommends full funding for two programs nearing completion of development, the boosted kinetic energy penetrator [BKEP] and SKEET submunition for the sensor fuzed weapon.

The Committee's deletion of funds for ERAM submunition development coincides with its deletion of ERAM funds in the Wide Area Antiarmor Munitions [WAAM] Program. The reduction against TGSM/SADARM is applied solely on the grounds that with fiscal year 1986 the final funding years for BKEP and SKEET, those programs should not be decremented.

The Committee reduction to TGSM/SADARM is without prejudice. The Committee would be willing to entertain a reprogramming action to fully fund the Chicken Little evaluation, which is being funded from the TGSM/SADARM project.

Wide area antiarmor munitions.—The Committee recommends an appropriation of \$12,558,000 for wide area antiarmor munitions, a reduc-

tion of \$3,253,000 from the budget request. The recommendation would deny fiscal year 1986 funds for the extended range antiarmor munition [ERAM] dispenser, which is proposed for entry into full-scale submunitions in late fiscal year 1986.

ERAM is a 1,000-pound air-delivered mine containing nine submunitions with two warheads each. When acoustically or seismically activated ERAM ejects its submunitions, carrying a self-forging slug, to attack targets from the top. ERAM is proposed for FSD in fiscal year 1986, after considerable program instability. Completion of ERAM full-scale development slipped far beyond its original projection date of 1983.

The Committee continues to be concerned about the multitude of antiarmor weapons being developed by the Army and Air Force. In the view of the Committee, development of a parachute-droppable, seismically activated mine for attack of enemy armored battalions by the Air Force is not an urgent requirement, particularly in the current budget environment.

The Committee recommends denial of all fiscal year 1986 ERAM funding, and termination of the program.

F-16 SQUADRONS

The Committee recommends an appropriation of \$68,459,000 for F-16 squadrons, a reduction of \$26,400,000 to the budget request. This action deletes all funding for the F-16F development effort, terminating the program. The Committee's decision to deny fiscal year 1986 funding for the F-16F program is based on the judgment that F-16F development and acquisition is unaffordable and that the F-16F in large measure duplicates the dual-role mission assigned to the F-15E.

Earlier this year the Air Force notified the Committee that the cost to develop the F-16F between fiscal years 1985 and 1990 would amount to \$610,700,000. This most recent cost estimate for F-16F development is far in excess of previous development cost estimates made available to the Committee. Given the austere budget environment facing the Air Force and its tactical air program, the Committee believes that the F-16F is unaffordable. Deletion of fiscal year 1986 R&D funding provides the Air Force with the opportunity to review its entire tactical fighter road map and force plans prior to submission of the fiscal year 1987 budget request.

The Committee notes that the Air Force's suggestion that the F-16F is not much more than a normal evolution of the F-16C/D is, at best, overly optimistic. The F-16F was expected to have a new wing, longer fuselage, and increase in internal fuel capability—giving the aircraft longer range and payload capability. These improvements would increase the unit cost of the F-16. To date, the Air Force has not been able to identify a unit cost for the F-16F. Such improvements would undoubtedly result in the Air Force buying fewer F-16 aircraft than projected in the current fighter road map.

This is not the direction in which the Committee wishes to see the Air Force tactical fighter development effort proceed. Congress has authorized an alternate fighter competition to help make Air Force fighter procurement more competitive and less costly. Development and eventual acquisition of the F-16F may work at cross purposes with that goal, as more and more dollars will have to be allotted to the higher performance F-15E's and F-16F's. Moreover, the Committee must note that the Assistant Secretary of the Air Force and the former Deputy Chief of Staff of the Air Force for RD&A both described the F-15E as the Air Force's highest priority program in testimony to the Committee this year. A smaller add-on buy of F-15E's may be more cost-effective for the Air Force than proceeding with a \$600,000,000 development effort on an F-16F. With the termination of the F-16F, Government funding for F-16XL flight testing is no longer a program requirement.

SPECIAL OPERATIONS FORCES

The Committee recommends an appropriation of \$10,000,000 for special operations forces, a reduction of \$3,993,000 to the budget request. The recommendation slows a new start to upgrade MC-130 combat talon aircraft with new intermediate and depot level avionics peculiar support equipment. It would also slow software and hardware development of common MC-130H and HH-60A systems, and delete a gunship study.

TACTICAL AIR CONTROL SYSTEM

The Committee recommends an appropriation of \$15,075,000 for the tactical air control system, a reduction of \$5,000,000 to the budget request. The reduction is applied against the Air Force portion of the joint operational interface simulation training system [JOISTS] program, a computer driven, electronic radar simulation system in support of REDCOM.

The Air Force has testified before congressional committees that JOISTS requirements have not evolved into a cost-effective and operationally beneficial training program, and that REDCOM training responsibilities can be met with existing training aids and equipment. The Air Force also contends that TAC requirements can be met with existing simulation equipment.

The Committee recommends deletion of the Air Force from the JOISTS Program. JOISTS will remain a joint Army-Navy-Marine Corps effort.

LIQUID SYNTHETIC FUEL

The Committee recommends an additional appropriation of \$4,500,000 for liquid synthetic fuel. These funds will establish an R&D program directed at qualifying a synthetic, coal-derived JP-4 or JP-8 jet fuel for operational use. The Committee understands that a source of military fuel from coal is very attractive from an operational standpoint. Fuel from coal will provide another option for assuring that military

weapons systems have liquid hydrocarbon fuels for the long term. Diversification of the products produced by coal gasification appears to be a logical approach to improving operating margins over the long term. The military departments have evaluated samples of a coal-based fuel from Sosol in South Africa and have found the fuel to be of very good quality.

The proposed R&D program would involve laboratory characterization, toxicological, environmental, and materials compatibility testing. Also included would be accelerated mission tests and limited flight tests. Following the initial R&D phase, an operational validation period will be necessary to identify possible differences in maintenance requirements involved with extended use of this new fuel.

The Department of Defense is directed to enter into a contract to purchase a minimum of 10,000 barrels a day of coal-based liquid fuel suitable for military jet engines at competitive market prices.

A source of military fuel from coal is very attractive from a defense supply standpoint. The majority of ships, planes, and tactical vehicles of the military use middle distillate fuels. The purchase of coal-based fuel can also significantly reduce the supply lines and contribute to our national goal of energy independence.

OTHER TACTICAL PROGRAM ADJUSTMENTS

The fiscal year 1986 budget request included increases for a number of programs which exceeded by unjustifiably large percentages the amounts provided in fiscal year 1985 or lacked sufficient program explanation. The Committee accordingly recommends the following reductions:

[In thousands of dollars]

	Budget request	Recommendation	Reduction
Air base survivability and recovery (6.3)	6,178	5,011	- 1,167
C ¹ CM advanced systems	3,463	2,000	- 1,463
Air base survivability and recovery (6.4)	21,900	19,900	- 2,000
Life support systems	16,779	15,672	- 1,107
Other operational equipment	17,087	16,939	- 148
Tactical C ¹ countermeasures	17,441	16,462	- 979
Computer resources management technology	14,011	12,011	- 2,000
A-10 squadrons	3,102	2,000	- 1,102
Tactical airborne C ² system	8,151	5,000	- 3,151
Satellite communications terminal	7,569	5,000	- 2,569
MAC command and control system	11,441	8,000	- 3,441

INTELLIGENCE AND COMMUNICATIONS

The recommended program includes \$2,365,467,000 for intelligence and communications. This activity provides funding for advanced, engineering, and operational systems development efforts in Air Force intelligence and worldwide communications systems.

Air Force communications.—The Committee recommends denial of a fiscal year 1986 new start, Air Force communications. This program

would establish a program management office and capability to transmit data, voice, and video data to and from command centers and management headquarters.

This project could grow into a full-blown modernization of all Air Force base transmission systems. The Committee recommends deferral of this program for an additional year, pending more complete justification of the requirement.

TRACALS

The Committee recommends an appropriation of \$21,714,000 for the Traffic Control/Approach/Landing System [TRACALS], a reduction of \$7,803,000 to the budget request.

The TRACALS Program provides the Air Force with equipment required for worldwide all-weather Air Force flying operations. Included in this program is a request for \$7,803,000 to develop a microwave landing system.

Significant moneys are being expended by the Federal Aviation Administration [FAA] to obtain a detailed reprourement data package [RDP] for a competitive procurement of the microwave landing system [MLS]. The next FAA competitive procurement will include approximately 200 (out of 700) MLS for Air Force fixed bases.

The Air Force should take full advantage of the current FAA MLS development and should not fund the development of a unique TMLS system.

The Air Force is expected to maximize the savings accruing from this nondevelopment item [NDI] approach which will save both time and money and will minimize program risk. The Committee would reconsider TMLS funding in the fiscal year 1987 budget request.

Precision tactical approach guidance [PTAG].—The Committee recommends an appropriation of \$3,000,000 for the precision tactical approach guidance [PTAG] system, an unbudgeted and unauthorized item. The funds are provided for the purpose of test and evaluation of the PTAG landing system for meeting Air Force tactical microwave landing system [TMLS] requirements.

The Committee understands that the PTAG landing system has been successfully and jointly flight tested by the Air Force and NASA in recent tests at Scott AFB. PTAG has the potential of being a lighter system than a mobile MLS (200 pounds versus a maximum of 1,000 pounds), which would be an advantage to the Air Force in certain tactical scenarios, such as special operations.

While the Committee understands that the PTAG system requires modification to be interoperable with microwave landing systems, it nevertheless believes that the system should be evaluated by the Air Force for use in certain tactical environments. The Committee recommends that a total of \$3,000,000 be used for acquisition of six ground stations and 60 aircraft units of PTAG, for the purpose of test and evaluation of the system in meeting Air Force tactical precision approach landing system requirements.

The Committee's recommendation of acquisition of the PTAG system for test and evaluation does not imply an endorsement of the system for eventual procurement as the Air Force's tactical microwave landing system.

CLASSIFIED PROGRAMS

The Committee recommends an appropriation of \$2,192,559,000 for classified Air Force intelligence and communications programs, a reduction of \$6,584,000 to the budget request. The explanation for these changes is found in the classified annex to the Committee report.

DEFENSEWIDE MISSION SUPPORT

The recommended program includes \$1,966,642,000 for defensewide mission support. This budget activity funds Air Force installations and operations required for major system testing, test instrumentation development, technical information efforts, target development, and other research and development support.

FLIGHT SIMULATOR DEVELOPMENT

The Committee recommends an appropriation of \$132,000,000 for flight simulator development, a reduction of \$23,315,000 to the budget request. The Committee directs that a total of \$12,471,000 of that reduction be applied against the HH-60A weapon system trainer project, for which further funding is denied.

For further explanation of the Committee position on the HH-60A Program, see the "Aircraft procurement, Air Force" section of the Committee report.

WEATHER SYSTEMS

The Committee recommends an appropriation of \$8,078,000 for weather systems, a reduction of \$5,000,000 to the budget request. The recommendation would deny an addition proposed for completion of prototype development of the automated weather distribution system [AWDS]. The Committee would recommend that the Air Force reprogram funds within existing RDT&E resources for fiscal year 1986 to fund the extension of AWDS prototype development.

INVENTORY CONTROL POINT OPERATIONS

The Committee recommends an appropriation of \$3,000,000 for inventory control point operations, a reduction of \$1,034,000 to the budget request. Congress provided \$1,000,000 to start this program in fiscal year 1985. A tripling of that amount should be more than enough to meet fiscal year 1986 requirements.

PRAM

The Committee recommends an appropriation of \$14,365,000 for the Product/Reliability/Availability/Maintainability [PRAM] Program, a reduction of \$3,000,000 to the budget request. This is the same recommendation made by the Senate Armed Services Committee.

The Committee notes that the proposed PRAM effort does not specifically identify which projects will be selected for PRAM investment. The Air Force should identify which projects will be selected from PRAM investment in future budget years—otherwise the program will continue to be viewed as overfunded.

New starts.—The Committee recommends deletion of the following new program starts on the grounds that the Air Force did not provide sufficient justification for their initiation in fiscal year 1986: Variable in-flight test aircraft, —\$391,000; and product performance AGMT Center [PPAC], —\$975,000.

Concept development.—The Committee also recommends \$2,000,000 for the concept development program, a reduction of \$1,028,000 to the budget request. The Committee recommendation still provides a two-fold increase for this Air Force concepts and initiatives program over fiscal year 1985 appropriated levels.

OTHER ADJUSTMENTS

Consultants, studies, and analyses.—The Committee recommends a reduction of \$25,000,000 against Air force consultants, studies, and analyses.

General reduction.—The Authorization Act allotted a general reduction of \$70,000,000 against RDT&E, Air Force and \$30,000,000 against electronic warfare programs. The Committee has not taken these general reductions, preferring to distribute them against specific programs within the RDT&E account.

Reductions proposed by the Office of the Secretary of Defense.—The Committee does not propose the following reductions to the fiscal year 1986 budget, based on recommendations from the Office of the Secretary of Defense:

Prior year inflation savings	— \$100,000
(Prior year transfer)	(+ 100,000)
Prior year program savings	— 156,000
(Prior year transfer)	(+ 156,000)

Instead, the Committee has applied all prior year fiscal year 1985 savings against the fiscal year 1986 budget request for the Small ICBM Program. It has fully funded that program's fiscal year 1986 requirements by transferring \$256,000,000 in prior fiscal year 1985 savings to that program.

ITEMS OF SPECIAL INTEREST, AIR FORCE

VHSIC

The Committee recommends an appropriation of \$175,500,000 for the very high speed integrated circuit [VHSIC] program, a reduction of \$18,276,000 to budget request.

The goal of the VHSIC program is to develop high-speed integrated circuits [IC's] with dimensions as small as 0.5 micron—less than 1 millionth of a meter. The VHSIC program is currently developing 1.25 micron feature sizes as an intermediate goal for near-term systems applications. The key elements needed to fabricate VHSIC chips are high-priority materials such as silicon, patterning processes which can define the features on the chip surface, fabrication techniques, and packaging techniques. VHSIC chips will perform the key electronic functions needed for future weapons systems computers, radars, and communications equipment.

The Committee has annually supported the VHSIC program because it believes this technology will help the United States restore its wide lead in integrated circuit technology and reduce the time delay between the availability of advanced IC's in the commercial market and their use in deployed military systems. However, the Committee is not uncritical of VHSIC. The Committee noted last year that the phase I VHSIC effort was behind schedule and that its successful completion must form the foundation of the submicron phase II program. The Department of Defense has satisfied Committee concerns about the satisfactory completion of phase I VHSIC chips, but the Committee nevertheless has broader concerns about the fiscal and program management of VHSIC.

Throughout much of fiscal year 1985, VHSIC program funds were obligated at a monthly rate in excess of the congressional appropriation of \$135,000,000 for the program. A \$20,500,000 VHSIC reprogramming was submitted to Congress in order to cover this obligation rate. Over the past 5 years, the VHSIC program has been recipient of numerous congressional add-ons and reprogrammings in order to support expanded levels of activity not justified by the President's budget request or the official DOD program. A May 8, 1985, report by the General Accounting Office concluded that the original VHSIC program of May 1981 totaling \$338,700,000 has now been proposed for expansion to a \$1,020,000,100 effort.

The continuing expansion of the VHSIC program is proposed to support yield enhancement, manufacturing technology, and technology insertion initiatives. Congressional direction from the authorization conference would add yet another, unbudgeted \$17,500,000 to expand these efforts further.

The Committee does not recommend appropriation of additional funds. Instead, the Committee directs a reduction of \$18,276,000, which will still permit a 30-percent increase over the fiscal year 1985 and \$72,590,000 more than projected last year. In particular, the Committee questions the pace of the radiation hardening effort. At least \$5,000,000 is recommended to be applied against this project.

VHSIC expansion beyond its original goals must be addressed by the top levels of DOD management. VHSIC contractor teams have already put \$1,000,000,000 of their own funds into the VHSIC program, but the Committee believes a cap on Federal subsidization of a portion of VHSIC work would serve the best interests of the Government and the taxpayer at this time.

UPPER STAGES

The Committee recommends full funding for Air Force upper stage programs at the authorized level. The Committee notes that recent problems with the modified Centaur upper stage, including schedule slippages in the test program, higher than planned manpower levels, and late delivery of subcontractor hardware have resulted in an increased funding requirement for both NASA and the Air Force to meet these additional costs. The Committee understands that the Department of Defense portion of these costs is to be no less than \$20,000,000. The Air Force should inform the Committee on its plan to fund a share of Centaur cost growth.

The Committee is encouraged that the Air Force is considering the introduction of upper stage competition for new procurements and at a block change of a satellite. In the view of the Committee, current Air Force upper stage acquisition planning could leave it in a sole-source procurement posture unless such a revision is implemented. The Committee notes that upper stages being developed by the commercial market offer the opportunity for meeting at least a portion of future Air Force requirements.

The Committee directs the Under Secretary of the Air Force to submit a report to the Committee on Air Force upper stage acquisition planning for the 1990's no later than April 1, 1986.

C-17

The Committee recommends an appropriation of \$383,681,000 for the C-17 development program, the revised budget request. Fiscal year 1986 marks the second year of C-17 full-scale development. The Committee strongly supports the program and notes that the Air Force airlift master plan clearly outlines the primary role that the C-17 will play in outyear airlift planning for the Air Force. The Committee has made the C-17 a special interest item under the Air Force RDT&E section to preclude Air Force reprogramming of funds from the program into other activities.

CONSOLIDATED SPACE OPERATIONS CENTER

The Committee recommends an appropriation of \$87,415,000 for the Consolidated Space Operations Center [CSOC]. The Committee is seriously concerned that delaying the SOPC portion of CSOC (Shuttle Operations and Planning Complex) will have the net impact of extending DOD's exposure to operational risks by an additional 2 years and drive up costs. Continued reliance on JSC (Johnson Space Center) as a

vulnerable control center without a backup capability presents a significant risk to DOD's need for assured and responsive access to space. Second, prolonged operation of sensitive DOD missions in the JSC environment increases the risk of exposing sensitive operational aspects of DOD missions.

SPACE DEFENSE SYSTEMS

The Committee recommends an appropriation of \$182,834,000 for space defense systems, an increase of \$32,900,000 to the budget request. This program supports development and testing activity for the antisatellite [ASAT] program. The Air Force program description states that the U.S. ASAT system is designed to deter Soviet ASAT attacks on U.S. space systems and to remove the sanctuary status the Soviets currently enjoy in space by providing a capability to deny them use of those space assets which enhance the effectiveness of their land, sea, and aerospace forces.

The Committee notes that the ASAT program has experienced a series of technical difficulties throughout fiscal year 1985 that delayed the space testing program. These technical difficulties included discovery that three of the four command/control channels on the ITV's (the ASAT test target) were inoperative, thus postponing the scheduled launch from a Scout booster for the month of June. Earlier in the year cracks were discovered in the propellant of 22 motors. The Committee understands the Air Force worked diligently to resolve all ASAT technical issues prior to initiation of space testing.

In September, the Air Force successfully tested the first intercept of a resident space object with the ASAT system. However, specific engineering fixes and the time required to implement the appropriate technical changes for production ASAT missiles necessitate additional RDT&E funding.

The Committee views the current ASAT development/production schedule as very concurrent, and in need of restructure. It is the opinion of the Committee that the higher priority for the program at this point in time is completion of a successful development and testing effort, rather than maintenance of an IOC that is overly optimistic.

The additional \$32,900,000 will be used to incorporate reliability and maintainability demonstrations, design and test support equipment needed for the operational system, and further improve the missile's suitability for operational use. This increase is offset by a reduction to ASAT procurement, which is discussed under the "Missile procurement, Air Force" section.

The Committee concurs in the observation of the Senate Armed Services Committee that with ongoing negotiations underway between the United States and Soviet Union in the area of space weaponry, it would be ill-advised to impose a unilateral moratorium on the development and testing of the U.S. ASAT system. The Committee notes that section 208 of the RDT&E title of the defense authorization bill permits up to three tests against an object in space before October 1, 1986.

The Committee recommends an appropriation of \$221,393,000 for space boosters, the entire budget request. This program funds the development of a complementary expendable launch vehicle [CELV], Titan II conversion to a space launch configuration, Atlas launch support, and the booster support program. A total of \$185,900,000 is earmarked for the CELV development program.

In response to congressional direction, the Department of the Air Force and NASA submitted a report to Congress in February 1985 on the CELV Program and how it relates to the Space Shuttle Program [STS]. This report, consistent with a national security decision directive (NSDD-144) from the National Security Council and Presidential direction, forms the basis for national space launch strategy.

The major points that the Air Force and NASA agreed to as a part of the CELV study and NSDD are essentially as follows:

- NASA and DOD will work together to insure that the STS is fully operational.
- DOD will rely on STS as its primary launch vehicle and will commit to at least one-third of the STS flights available during the next 10 years.
- The Air Force will buy, consistent with Presidential direction, 10 CELV's and will launch them at a rate of approximately 2 per year in 1988-92.
- DOD will join NASA in studying the development of a second-generation space transportation system, making use of manned and unmanned systems to fully meet the requirements of all users. A full range of options will be studied, including shuttle-derived technology and others. DOD and NASA will jointly define the terms of reference for this development effort.
- NASA and DOD will jointly develop a pricing policy for DOD flights that provides a positive incentive for flying on the shuttle.
- Any deviation from this plan must be agreed to by NASA and DOD and approved by the President.

On March 1, 1985, the Air Force announced its selection of the Titan 34D7 as winner of the CELV competition. It said the Titan 34D7 was the least costly of the CELV candidates, had the least amount of technical risk, and met Air Force schedule requirements for a late 1988 ILC for critical national security payloads.

The Committee held a series of hearings during 1985 on national space policy and the CELV program. The Defense Subcommittee held two hearings (May 7 and May 9) in review of Department of Air Force space programs and the fiscal year 1985 reprogramming of \$30,000,000 in support of the CELV program. The Committee subsequently approved this reprogramming.

The Subcommittee on HUD-Independent Agencies held a followup hearing on June 5 on the NASA-Air Force agreement and U.S. space launch strategy. Air Force and NASA testimony at all of these hearings supported the President's national security launch strategy and the de-

fense requirement for a space launch system complementary to the space shuttle.

Although the Committee supports the President's national security launch strategy, it deferred the Titan 34D7 procurement program. For further explanation of the Committee position, see the missile procurement, Air Force section of the report. There are two outstanding issues about which the Committee remains concerned. These can be characterized as follows:

- post-1992 Air Force launch requirements and production base maintenance; and
- the feasibility of using shuttle-derived technology to meet Air Force launch requirements.

The Committee received no testimony this year from either the Air Force or NASA indicating that the requirement for a complementary expendable launch vehicle will go away after the launch of the 10th and final Titan 34D7. In all likelihood Air Force launch requirements will grow during the 1990's, thus necessitating maintenance of a CELV launch capability.

The Committee does not believe that the Air Force has adequately addressed its post-1992 launch requirements. It continues to hedge on the requirement for CELV acquisition after the procurement of the 10 Titan 34D7's would be completed.

MINUTEMAN EXTENDED SURVIVABLE POWER

The Committee has consistently supported the upgrade of the Minuteman launch facilities with Minuteman extended survivable power [MESP]. Congress has already approved MESP funds for 200 Minuteman III missiles. With the Minuteman weapons system life extended and its hardness levels greater than previously cited, examination of the requirement to upgrade the entire force with MESP seems in order. The Committee believes this program represents a sufficient improvement in the trans- and post-attack utility of these weapons to justify the modest costs associated with deploying them in the entire Minuteman force. The Congress, by its action to limit the MX missiles to be deployed in Minuteman silos to 50, places continued reliance on Minuteman to provide a credible force of land-based ICBM missiles. The Committee, therefore, recommends funding be identified in the fiscal year 1987 budget submission for MESP in the entire Minuteman force.

ENGINE MODEL DERIVATIVE PROGRAM

The Committee recommends an appropriation of \$62,854,000 for the Engine Model Derivative Program, a reduction of \$60,000,000 to the budget request. This recommendation fully funds the authorized level for the fiscal year 1986 EMDP effort. These funds are to be used solely for development of increased thrust versions (29,000-29,500 pounds) of the F-100 and F-110 fighter engines.

Following last year's May budget revision which supported initiation of an engine thrust improvement program for existing Air Force fighter

engines, the Department of the Air Force budgeted funds for fiscal year 1986 within EMDP that allowed for the maximum growth in thrust for the F-100 and F-110 engines under the Increased Performance Engine [IPE] Program. The Air Force decision to develop derivative engines with more modest growth in engine thrust (with earlier availability for production incorporation) required a lower level of funding than was provided in the budget request. The Committee encourages the Air Force to maintain a program schedule that provides for delivery of these new engines no later than mid-1989.

The Committee is encouraged to see that the Air Force acquisition approach for higher thrust derivative engines puts emphasis on reliability, maintainability, and durability improvements. The proposed program has not only the objective of developing derivatives of the F-100 and F-110 engines in the 29,000-pound thrust class, but also several others in the reliability/maintainability area, including:

- Maintaining warranty terms and reliability/durability and support costs at the same levels or better than those of current Air Force fighter engines now being procured;
- maintenance of competition between the two principal engine manufacturers;
- affordable life-cycle costs; and
- a low to moderate risk, affordable development program.

F-15 SQUADRONS

The Committee recommends an appropriation of \$237,142,000 for F-15 squadrons, a reduction of \$15,000,000 to the budget request. This year's Air Force tactical aircraft hearing clearly identified continued development of the F-15E as the Air Force's highest TACAIR priority. The Committee provides full funding at the authorized level for the F-15 squadrons program to support the F-15E effort and make it a special interest item to preclude any efforts to reprogram funds to other activities. The dual role fighter program will be aimed at developing avionics improvements which will maintain the F-15's combat superiority against Soviet/Warsaw Pact aircraft through the 1990's. These improvements include expanded electronic counter-countermeasures capability and improved combat identification capability in the radar, updates to the electronic warfare suite, incorporation of improved communications/identification equipment, and addition of conformal fuel tanks.

F-4 AIR DEFENSE

The Committee does not recommend appropriation of \$22,000,000 for F-4 air defense, an authorized but unbudgeted item.

The proposed funding increase would be applied in the F-4 modernization demonstration. The program would modify and conduct flight demonstrations of an F-4E with new engines and a conformal fuel tank. Additionally, avionics trade studies and a generic digital avionics suite would be defined.

PROJECT AIR FORCE

The Committee recommends an appropriation of \$18,245,000 for Project Air Force, an increase of \$800,000 to the budget request. The added funds will be used to bring the personnel ceiling for the Rand Corp. to the 125 MTS (members of the technical staff) level. Should the Air Force decide that it is necessary to increase that level during fiscal year 1986, a below-threshold reprogramming can be executed as has been the practice in the past.

GROUND WAVE EMERGENCY NETWORK

The Committee is concerned that the Air Force's planning and site selection process for the GWEN radar system may not have adequately responded to State and local concerns about the system, including compliance with applicable zoning ordinances. The Committee directs the Air Force to make available all pertinent information about the system and to cooperate with potentially impacted communities in order to allow for full and complete public review prior to any permanent construction.

ALASKAN REMOTE SITE FUEL CELL

Within available funds the Committee directs that an additional \$1,000,000 be allocated in fiscal year 1986 to the Alaskan/remote site fuel cell project to fund extended testing of the 40 kW fuel cell powerplants at Elmendorf AFB, AK, Sheppard AFB, TX, Fort Belvoir, VA, and the manufacturer's site. The extended testing will help establish the reliability, durability, and effectiveness of the fuel cell technology in a military environment.

NORTH WARNING SYSTEM PROJECT

In addition to funding provided for light intensity research enhancements, \$500,000 is to be available for the north warning system project to provide reimbursable funds to the Department of Energy's Office of Defense Wastes and Byproduct Management. This continues the tritium radioluminescent airfield lighting research and development for remote region airfields to serve military and civilian aircraft.

[in thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
RESEARCH DEVELOPMENT TEST & EVAL: AF					
TECHNOLOGY BASE					
IN-HOUSE LAB INDEPENDENT RESEARCH.....	17,444	16,000	17,000	-444	11,000
DEFENSE RESEARCH SCIENCES.....	204,334	198,000	201,334	-5,000	13,334
UNIVERSITY RESEARCH.....	4,250	4,250	4,250	---	---
GEOPHYSICS.....	38,614	38,614	38,614	---	---
MATERIALS.....	54,769	52,269	53,000	-1,769	1731
AEROSPACE FLIGHT DYNAMICS.....	67,545	67,545	67,545	---	---
AEROSPACE BIOTECHNOLOGY.....	50,840	47,340	48,000	-2,840	1660
AEROSPACE PROPULSION.....	62,609	62,609	62,609	---	---
AEROSPACE AVIONICS/ANSI CIRCUITS.....	74,806	60,000	60,000	-14,806	---
TRAINING/SIMULATION TECH.....	25,236	25,236	25,236	---	---
CIVIL ENGINEERING & ENVIRONMENTAL QA.....	7,125	7,125	7,125	---	---
ROCKET PROPULSION.....	41,661	39,661	39,661	-2,000	---
ADVANCED WEAPONS.....	37,020	35,500	35,500	-1,520	---
CONVENTIONAL MUNITIONS.....	44,819	40,819	44,819	---	14,000
COMMAND/CONTROL/COMMUNICATION.....	80,720	76,720	76,720	-4,000	---
PERS UTILIZATION TECH.....	9,421	8,421	9,421	---	11,000
TOTAL, TECHNOLOGY BASE.....	825,213	782,109	792,834	-32,379	110,725

ADVANCE TECHNOLOGY DEVELOPMENT					
LOGISTICS RESEARCH & DEV PRGTS.....	12,736	9,736	9,736	-3,000	---
AUTOMATION OF TECHNICAL INFORMATION.....	5,382	---	---	-5,382	---
ACFT PROPULSION SUBSYS INTEGRATION.....	27,493	27,493	27,493	---	---
ADV AVIONICS FOR ACFT.....	22,651	22,651	21,651	-1,000	-1,000
FLT VEHICLE TECHNOLOGY.....	22,884	16,884	22,334	-550	15,450
RECON SENSORS/PROCESSING TECHNOLOGY.....	9,182	6,000	6,000	-3,182	---
AEROSPACE STRUCTURES/MATERIALS.....	23,596	18,596	18,596	-5,000	---
AVIATION TURBINE FUEL TECHNOLOGY.....	4,671	3,671	4,671	---	11,000
ADV TURBINE ENGINE GAS GENERATOR.....	29,656	27,656	27,656	-2,000	---
WEAPON SYSTEM POWER.....	1,947	1,947	1,267	-680	-680
DOB COMMON PROG LANGUAGE(ABA)ADV DEV.....	7,460	7,460	7,460	---	---
ADVANCED SIMULATOR TECHNOLOGY.....	4,410	4,410	4,410	---	---
CREW SYSTEMS TECHNOLOGY.....	12,754	11,000	12,054	-700	11,054
ACFT NON-NUCLEAR SURVIVABILITY.....	3,278	3,278	3,278	---	---
ADV FIGHTER TECH INTEGRATION.....	22,276	19,776	19,776	-2,500	---
LINCOLN LABORATORY.....	26,363	22,000	25,000	-1,363	13,000
ADVANCED SYSTEM INTEGRATION BEND.....	36,327	---	---	-36,327	---
INHEM/ICRIA.....	---	60,000	32,767	132,767	-27,233
CARTOG APPLICATIONS-TAC & STRAT SYS.....	1,409	1,409	1,409	---	---
SPACE & NSL ROCKET PROPULSION.....	8,381	3,381	3,381	-5,000	---
ADV NSL SUBSYSTEMS DEMONSTRATION.....	1,209	---	---	-1,209	---
ADVANCED TECHNOLOGY CRUISE MISSILE.....	7,677	7,677	7,677	---	---
HYPERVELOCITY MISSILE.....	10,763	10,763	10,763	---	---
ADVANCED SPACECRAFT TECH.....	9,700	7,000	7,000	-2,700	---
ADV MILITARY SPACEFLIGHT TECHNOLOGY.....	916	---	---	-916	---
SPACE SYS ENVIRON INTERACTIONS TECH.....	4,954	3,954	3,954	-1,000	---
NSL SURVEILLANCE TECH.....	11,550	11,550	11,550	---	---
VERY HIGH SPEED INTEGRATED CIRCUITS.....	193,776	211,276	175,500	-18,276	-35,776
NON-DESTRUCTIVE INSPECTION ADV DEV.....	980	---	---	-980	---
CONVENTIONAL WEAPONS.....	28,590	26,590	25,590	-3,000	-1,000
ADVANCED RADIATION TECH.....	19,749	9,749	19,749	---	110,000
WAMPONER & PERSONNEL SYS TECH.....	2,199	2,199	2,199	---	---
WEATHER SYSTEMS.....	3,963	3,963	3,963	-500	-500
ELECTRONIC WARFARE TECHNOLOGY.....	29,436	29,436	29,436	---	---
CIVIL/ENVIRONMENTAL ENGR TECH.....	11,488	11,488	11,488	-3	-3
FIBER OPTICS DEVELOPMENT.....	3,861	3,861	3,861	-400	-400
ADVANCED COMMUNICATIONS TECHNOLOGY.....	4,895	4,895	4,895	---	---
ADVANCED COMPUTER TECHNOLOGY.....	8,643	7,500	7,500	-1,143	---
ELECTRO-OPTICAL WARFARE.....	15,818	15,818	15,818	---	---
CHEMICAL WARFARE DEFENSE.....	6,165	6,165	5,000	-1,165	-1,165

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
COUNTER/COUNTERMEASURES -ADV DEV.....	14,444	13,444	13,444	-1,000	---
TRAINING SYSTEMS TECHNOLOGY.....	2,324	2,324	2,324	---	---
DOD SOFTWARE ENGINEERING INSTITUTE.....	11,742	11,742	11,742	---	---
COMB/CTRL/COMN ADV DEV.....	26,273	16,273	16,273	-10,000	---
TOTAL, ADVANCE TECHNOLOGY DEVELOPMENT.....	713,971	685,015	637,762	-76,209	-47,253

STRATEGIC PROGRAMS					
ADVANCED STRATEGIC MISSILE SYSTEMS.....	173,934	163,934	163,934	-10,000	---
SRAM II.....	78,958	35,000	35,000	-43,958	---
ATMOSPHERIC SURVEILLANCE TECH.....	4,978	4,978	4,978	---	---
MANCCS ARCHITECTURE.....	8,036	8,036	8,036	---	---
B-1B.....	367,438	280,438	280,438	-87,000	---
COMMON STRATEGIC ROTARY LAUNCHER.....	72,629	72,629	72,629	---	---
ICBM MODERNIZATION.....	1,580,824	1,483,600	1,274,824	-306,000	-206,776
(PY TRANSFER) TO SMALL ICBM.....	---	---	(256,000)	(256,000)	(256,000)
STRAT COMV STANDBY CAPA(SCSC).....	71,787	36,000	36,000	-35,787	---
AIP LAUNCHED CRUISE MISSILE.....	14,179	11,179	11,179	-3,000	---
SPACE DEFENSE SYS.....	149,934	149,934	182,834	+32,900	+32,900
SYSTEMS SURVIVABILITY (MUC AFFECTS).....	7,927	7,927	7,927	---	---
B-52 SQUADRONS.....	16,047	14,347	13,267	-2,840	-1,140
KC-135 SQUADRONS.....	968	968	968	---	---
MINUTEMAN SQUADRONS.....	31,203	6,000	6,000	-25,203	-3
PACCS/MAAMCP SYS EC-135 CL V MODS.....	5,163	4,163	4,163	-1,000	---
SAC COMMUNICATIONS.....	10,625	10,625	7,589	-3,036	-3,036
MCNC - TW/AA SYSTEMS.....	57,445	52,445	52,445	-5,000	---
MCNC - SPACE DEFENSE SYSTEMS.....	72,996	57,996	62,996	-10,000	+5,000
BALLISTIC NSL TAC WMD/ATK ASSES SYS.....	2,655	2,155	2,155	-500	---
TW/AA INTERFACE NETWORK.....	1,468	1,468	1,468	---	---
JOINT SURVEILLANCE SYSTEM.....	3,069	3,069	2,069	-1,000	-1,000
SURVEILL RADAR STATIONS/SITES.....	20,215	20,215	20,215	---	---
DEW RADAR STATIONS.....	40,914	40,914	40,914	---	---
COMUS OVER-THE-HORIZON RADAR.....	67,457	67,457	67,457	---	---
BALLISTIC NSL EARLY WMD SYSTEM.....	12,966	12,966	12,966	---	---
SPACETRACK.....	9,613	9,613	9,613	---	---
DEFENSE SUPPORT PROGRAM.....	79,592	79,592	79,568	-24	-24
SLBM RADAR WARNING SYSTEMS.....	8,235	8,235	8,235	---	---
INTEGRATED OPER HURDLES DETECT SYS.....	20,538	20,538	20,538	---	---
COMB CTR PROCESS/DISPLAY SYS.....	14,807	14,807	14,807	---	---
MINIMUM ESSENTIAL EMER COMN NETWORK.....	97,199	87,199	187,199	+90,000	+100,000
MANCCS INFORMATION SYSTEM.....	8,100	5,000	5,000	-3,100	---
MANCCS INFORMATION SYSTEM - JPMO.....	88,721	78,721	63,721	-25,000	-15,000
MILSTAR SAT COMN SYS (AF TERMINALS).....	132,095	132,095	128,095	-4,000	-4,000
MILSTAR COMN SAT SYSTEM.....	345,696	345,696	345,696	---	---
THEATER MUC WPN STORAGE/SEC SYS.....	1,045	1,045	1,045	---	---
AIR FORCE ONE.....	---	---	20,000	+20,000	+20,000
CLASSIFIED PROGRAMS.....	2,044,329	2,044,329	2,044,329	---	---
TOTAL, STRATEGIC PROGRAMS.....	5,743,785	5,395,316	5,320,237	-423,548	-75,079

TACTICAL PROGRAMS					
ADVANCED TACTICAL FIGHTER.....	742,852	169,852	140,000	-102,852	-29,852
ADV TACTICAL AIR RECONNAISSANCE SYS.....	20,339	10,000	10,000	-10,339	---
JNT SERVICE ADV VERT LIFT ACFT (JVA).....	4,901	2,500	2,500	-2,401	---
AIR BASE SURVIVABILITY & RECOVERY.....	6,178	6,178	5,011	-1,167	-1,167
LOW COST SEEKER.....	17,613	17,613	17,613	---	---
ADV ATTACK WEAPONS.....	19,113	19,113	19,113	---	---
BOB PHYSICAL SECURITY EO-EXTERIOR.....	1,010	1,010	1,010	---	---
COMINT IDENTIFICATION TECHNOLOGY.....	8,763	8,763	8,763	---	---
CJCH ADVANCED SYSTEMS.....	3,463	3,463	2,000	-1,463	-1,463
JT SURV.TOT ATK RADAR SYS(JSTARS).....	3,200	3,200	3,200	---	---
ACFT AVIONICS EQUIPMENT DEVELOPMENT.....	29,397	29,397	29,397	---	---
F-100 DURABILITY.....	2,899	2,899	2,899	---	---

[in thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
AIRCRAFT EQUIPMENT DEV.....	8,779	8,779	8,779	---	---
ENGINE MODEL DERIVATIVE PROG.....	122,854	62,854	62,854	-60,000	---
INTEGRATED DIGITAL AVIONICS.....	11,763	8,000	8,000	-3,763	---
EW COUNTER RESPONSE.....	37,193	30,000	30,000	-7,193	---
NUCLEAR WEAPONS SUPPORT.....	2,035	2,035	2,035	---	---
ALTERNATE FIGHTER ENGINE.....	33,353	33,353	33,353	---	---
C-17 PROGRAM.....	453,681	383,681	383,681	-70,000	---
INFRARED SEARCH & TRACK SYS.....	23,657	23,657	23,657	---	---
MODULAR AUTOMATIC TEST EQUIPMENT.....	9,962	9,962	9,962	---	---
NIGHT PRECISION ATTACK.....	40,849	40,849	40,849	---	---
ACFT ENGINE COMPONENT IMPROVE PROG.....	138,574	110,144	138,574	---	+28,430
T-46A.....	54,287	54,287	54,287	---	---
ABW MED RANGE AIR-TO-AIR MSL.....	101,382	101,382	101,382	---	---
JOINT TACTICAL FUSION PROGRAM.....	26,920	26,920	26,920	---	+6,400
GRD LAUNCHED CRUISE MSL.....	685	685	685	---	---
C/B DEFENSE EQUIPMENT.....	22,488	22,488	22,488	---	---
ARMAMENT ORDNANCE DEVELOPMENT.....	17,563	17,563	17,563	---	---
SUMMUNITIONS.....	43,910	38,910	38,910	-5,000	---
WIDE-AREA ANTI-ARMOR HUMINT.....	15,811	12,558	12,558	-3,253	---
AIR BASE SURVIVABILITY & RECOVERY.....	21,900	21,900	19,900	-2,000	-2,000
AEROMEDICAL SYSTEMS DEVELOPMENT.....	8,049	8,049	8,049	---	---
LIFE SUPPORT SYSTEM.....	16,779	16,779	15,672	-1,107	-1,107
OTHER OPERATIONAL EQUIPMENT.....	17,087	17,087	16,939	-148	-148
RECONNAISSANCE EQUIPMENT.....	7,820	7,820	7,820	---	---
DOD PHYSICAL SECURITY EQ-EXTERIOR.....	15,733	15,733	15,733	---	---
TAC C3 COUNTER-MEASURES.....	17,441	17,441	16,462	-979	-979
COMBAT IDENTIFICATION SYSTEMS.....	13,164	13,164	13,164	---	---
SURFACE DEF SUPPRESSION.....	54,980	30,000	30,000	-24,980	---
AIRBORNE SELF-PROTECTION JAMMER.....	11,220	5,000	5,000	-6,220	---
PROTECTIVE SYSTEMS.....	65,792	50,792	65,792	---	+15,000
TACTICAL PROTECTIVE SYSTEMS.....	75,709	55,709	55,709	-20,000	---
COMPUTER RESOURCES MGT TECH.....	14,011	14,011	12,011	-2,000	-2,000
PRECISION LOCATION STRIKE SYSTEM.....	63,081	53,081	63,081	---	+10,000
INTELLIGENCE EQUIPMENT.....	13,481	13,481	13,481	---	---
COMBAT HELICOPTER MODERNIZATION.....	14,100	14,100	---	-14,100	-14,100
JT TAC INFO DIST SYS.....	91,675	---	---	-91,675	---
SIDE LOOKING AIRBORNE RADAR (SLAR).....	20,667	20,667	20,667	---	---
JSTARS.....	260,221	---	---	-260,221	---
JT INTEROPERABILITY TAC COMB/CNTRL.....	9,141	9,141	9,141	---	---
F-111 SQUADRONS.....	54,535	48,500	48,500	-6,035	---
F-15 SQUADRONS.....	252,142	237,142	237,142	-15,000	---
A-10 SQUADRONS.....	3,102	3,102	2,000	-1,102	-1,102
F-16 SQUADRONS.....	94,859	84,000	68,459	-26,400	-15,541
F-40 WILD WEASEL SQUADRONS.....	36,707	28,707	36,707	---	+8,000
F-40 WILD WEASEL SQUADRONS (PY TRANSFER).....	---	(8,000)	---	---	(-8,000)
TACTICAL AGM MISSILES.....	3,926	2,000	2,000	-1,926	---
AIR FORCE TEMCAP.....	250	250	250	---	---
OVERSEAS AIR WEAPON COMB SYS.....	3,068	3,068	3,068	---	---
TACTICAL AIR CONTROL SYSTEM.....	20,075	20,075	15,075	-5,000	-5,000
AIR BORNE WARNING & CONTROL SYS.....	137,302	122,000	122,000	-15,302	---
TACTICAL AIRBORNE CMD & CONTROL SYS.....	8,151	8,151	5,000	-3,151	-3,151
ABW COMM SYS.....	123,785	113,785	113,785	-10,000	---
TAC AIR INTELL SYS ACTYS.....	2,191	2,191	2,191	---	---
TACTICAL RECON IMAGERY EXPLOITATION.....	7,691	7,691	7,691	---	---
BASE COMM - TACTICAL AIR FORCES.....	899	899	899	---	---
JT TACTICAL COMM PROG (TRI-TAC).....	4,947	4,947	4,947	---	---
SATELLITE COMMUNICATIONS TERMINALS.....	7,569	7,569	5,000	-2,569	-2,569
ELECTRONIC COMBAT INTEL SPT.....	1,593	1,593	1,593	---	---
MAC COMMAND/CONTROL SYS.....	11,441	11,441	8,000	-3,441	-3,441
SPECIAL OPERATIONS FORCES.....	13,993	10,000	10,000	-3,993	---
F-4 AIR DEFENSE.....	---	22,000	---	---	-22,000
CLASSIFIED PROGRAMS.....	666,386	339,755	402,700	-263,686	+62,945
LIQUID SYNTHETIC FUEL.....	---	---	4,500	+4,500	+4,500

[In thousands of dollars]

	Budget estimate	House allowance	Committee recommendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
PAVE TIGER (RPV).....	---	15,000	---	---	-15,000
GENERAL REDUCTION, EW PROGRAMS.....	---	-30,000	---	---	+30,000
TOTAL, TACTICAL PROGRAMS.....	3,792,137	2,703,516	2,748,171	-1,043,966	+44,655
=====					
INTELLIGENCE & COMMUNICATIONS					
SPACE COMMUNICATIONS.....	45,012	43,012	43,012	-2,000	---
DEF SATELLITE COMM SYS.....	6,930	6,930	6,930	---	---
AIR FORCE COMMUNICATIONS.....	978	---	---	-978	---
LONG-HAUL COMMUNICATIONS (DCS).....	11,543	11,543	11,543	---	---
ELECTROMAG COMPATIBILITY ANAL CTR.....	7,191	7,191	7,191	---	---
TRAFFIC CNTRL/APPROACH/LANDING SYS.....	29,517	21,714	21,714	-7,803	---
PRECISION TACTICAL APPROACH GUIDANCE (PTAG).....	---	---	3,000	+3,000	+3,000
NAVSTAR GLOBAL POS SYS (USER ED).....	28,691	28,691	28,691	---	---
NAVSTAR GPS (SPACE/GRD SEGMENTS).....	48,527	45,527	45,527	-3,000	---
GEN INTELLIGENCE SKILL TNG.....	5,300	5,300	5,300	---	---
CLASSIFIED PROGRAMS.....	2,199,143	1,880,343	2,192,559	-6,584	+312,216
(PY TRANSFER).....	---	(5,000)	---	---	(-5,000)
I-S/A ANPE DEVELOPMENT.....	---	31,400	---	---	-31,400
TOTAL, INTELLIGENCE & COMMUNICATIONS.....	2,382,832	2,081,651	2,365,467	-17,365	+283,816
=====					
DEFENSEWIDE MISSION SUPPORT					
CONCEPT DEVELOPMENT.....	3,028	3,028	2,000	-1,028	-1,028
SPACE TEST PROGRAM.....	70,434	68,434	68,434	-2,000	---
SATELLITE SYS SURVIVABILITY.....	4,273	4,273	4,273	---	---
ADV AERIAL TARGETS DEV.....	13,505	13,505	13,505	---	---
FLIGHT SIMULATOR DEVELOPMENT.....	155,315	132,000	132,000	-23,315	---
VARIABLE IN-FLY TEST ACFT (VISTA).....	391	391	---	---	-391
SPACE SHUTTLE.....	132,007	132,007	132,007	---	---
LOGISTICS TECH FOR WEAPONS SYSTEMS.....	6,750	6,750	6,750	---	---
WEATHER SYSTEMS.....	13,078	10,578	8,078	-5,000	-2,500
RANGE IMPROVEMENT.....	62,166	54,000	54,000	-8,166	---
ELECTROMAG RADIATION TEST FACIL.....	3,376	3,376	3,376	---	---
IMPROVED CAPABILITY FOR RDTHE.....	46,417	46,417	46,417	---	---
PROJECT AIR FORCE.....	17,445	17,445	18,245	+800	+800
ACD/COMD SPT - TELECON.....	6,550	6,550	6,550	---	---
RANCH HAND II EPIDEMIOLOGY STUDY.....	4,695	4,695	4,695	---	---
NAV/RADAR/SLED TRACK TEST SPT.....	28,319	20,319	20,319	-8,000	---
ACQUISITION AND COMMAND SUPPORT.....	346,620	346,620	346,620	-20,000	---
TEST AND EVALUATION SPT.....	431,594	421,594	421,594	-10,000	---
ADV SYS ENGINEERING/PLAN.....	3,895	2,000	2,000	-1,895	---
RDTHE AIRCRAFT SUPPORT.....	59,820	57,000	57,000	-2,820	---
PRODUCTIVITY INVESTMENTS.....	7,009	3,009	3,009	-4,000	---
PRODUCT PERFORMANCE AGMT CNTR(PPAC).....	975	975	---	-975	-975
SATELLITE CONTROL FACILITY.....	83,122	73,122	73,122	-10,000	---
SPACE BOOSTERS.....	221,393	214,193	221,393	---	+7,200
CONSOLIDATED SPACE OPERATIONS CENTER.....	87,415	87,415	87,415	---	---
DEF METEOROLOGICAL SATELLITE PROG.....	71,309	56,309	61,309	-10,000	+5,000
SPACE LAUNCH SUPPORT.....	79,232	79,232	79,232	---	---
INVENTORY CONTROL POINT OPERATIONS.....	4,034	4,034	3,000	-1,034	-1,034
DEPOT MAINTENANCE (NOM-IF).....	489	---	---	---	-489
INDUSTRIAL PREPAREDNESS.....	104,540	64,540	64,540	-40,000	---
PRODUCT/RELIABLE/AVAIL/MAINTAIN PROG.....	17,365	14,365	14,365	-3,000	---
LOGISTICS CSI SYSTEM.....	9,933	8,500	8,500	-1,433	---
SERVICE-WIDE SUPPORT.....	196	---	---	---	-196
PRODUCTIVITY INVESTMENTS.....	978	---	---	-978	---
INTERNATIONAL ACTIVITIES.....	2,894	2,894	2,894	---	---
TOTAL, DEFENSEWIDE MISSION SUPPORT.....	2,120,562	1,959,570	1,966,642	-153,920	+7,072
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[In thousands of dollars]

	Budget estimate (1)	House allowance (2)	Committee recom- mendation (3)	Senate compared to—	
				Budget estimate (4)	House allowance (5)
CONSULTANTS, STUDIES & ANALYSES.....	---	-25,000	-25,000	-25,000	---
UNDISTRIBUTED REDUCTION "ASSESSMENTS".....	---	-25,000	---	---	\$25,000
ENVIRONMENT RESTORATION FUND TRANSFER.....	---	---	-5,400	-5,400	-5,400
RESTORATION OF CIVILIAN PAY REDUCTION.....	---	---	24,400	\$24,400	\$24,400
GENERAL REDUCTION.....	---	-70,000	---	---	\$70,000
PRIOR YEAR INFLATION SAVINGS.....	---	-100,000	---	---	\$100,000
(PY TRANSFER).....	---	(100,000)	---	---	(-100,000)
INFLATION ESTIMATES FOR FY 1986.....	---	-14,000	-14,000	-14,000	---
PRIOR YEAR PROGRAM SAVINGS.....	---	-156,000	---	---	\$156,000
(PY TRANSFER).....	---	(246,000)	---	---	(-246,000)
NATO COOPERATIVE R&D PROGRAMS.....	---	---	50,000	\$50,000	\$50,000

TOTAL, RESEARCH DEVELOPMENT TEST & EVAL, AF.....	15,578,500	13,217,177	13,861,113	-1,717,387	\$643,936
TRANSFER FROM OTHER ACCOUNTS.....	---	(359,000)	(256,000)	(+256,000)	(-103,000)
TOTAL FUNDING AVAILABLE.....	15,578,500	13,576,177	14,117,113	-1,461,387	\$540,936

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, DEFENSE AGENCIES

1985 appropriation.....	\$4,182,287,000
1986 budget estimate.....	7,053,900,000
House allowance.....	5,943,038,000
Committee recommendation.....	7,033,745,000

The Committee recommends an appropriation of \$7,033,745,000 for research, development, test and evaluation programs of the Defense Agencies, a reduction of \$20,155,000 to the budget request for fiscal year 1986. The recommendation is \$1,090,707,000 above the House allowance.

SUMMARY TABLE

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Change from budget
Technology base.....	970,292	896,145	1,036,082	+ 65,790
Advanced technology development.....	3,914,535	2,684,260	3,192,535	- 722,000
Strategic programs.....	94,150	89,150	86,650	- 7,500
Tactical programs.....	75,707	625,707	805,228	+ 729,521
Intelligence and communications.....	1,875,733	1,673,257	1,820,701	- 69,032
Defensewide mission support.....	123,483	110,919	116,349	- 7,134
Consultants studies, and analyses.....	---	- 10,000	- 10,000	- 10,000
Restoration of civilian pay reduction.....	---	---	1,200	+ 1,200
Prior-year program inflation savings.....	---	- 78,000	- 51,000	- 51,000
NATO cooperative R&D.....	---	---	50,000	+ 50,000
Fiscal year 1986 inflation savings.....	---	- 6,400	---	---
General reduction.....	---	- 42,000	---	---

The budget activities and programs funded under this appropriation are discussed below. These activities and programs require annual authorization prior to appropriations pursuant to the provisions of section 412(b) of Public Law 86-149, as amended.

MATERIALS TECHNOLOGY

The Committee recommends an appropriation of \$31,000,000 for materials technology, a reduction of \$2,000,000 to the budget request. An additional amount was added above last year's projection to initiate a new program to develop high-temperature lubricants and bearings, ceramic, and other high-temperature materials and electromagnetic processing of materials.

This small reduction will still permit a 10-percent increase in the materials technology program over fiscal year 1985.

MAJOR INNOVATIVE TECHNOLOGIES

The Committee recommends an appropriation of \$203,249,000 for the DARPA experimental technologies program, an increase of \$28,000,000 to the budget request. The recommendation deletes \$12,000,000 from project EE-3, helicopter technology demonstration, (including funds for the heavy lift research vehicle, which was not authorized), and adds \$40,000,000 for a classified program.

DARPA proposes to scale up the current undersea vehicle system for demonstrations and advanced development. In the view of the Committee, R&D on technologies for autonomous undersea vehicles should be carefully scrutinized.

STRATEGIC DEFENSE INITIATIVE

The Committee strongly supports the President's strategic defense initiative, and recommends fully funding SDI at the level proposed by the Senate authorization, \$2,962,962,000. The recommended appropriation distribution appears as follows:

[In thousands of dollars]

	Budget estimate	Committee recommendation
Surveillance, acquisition, and tracking.....	1,386,344	1,386,344
Directed energy	965,441	965,441
Kinetic energy weapons	859,724	859,724
Systems concepts and battle management	243,300	243,300
Survivability, lethality, key support	258,153	258,153
General reduction		- 750,000
Total, SDI	3,712,962	2,962,962

Committee review.—In review of the strategic defense initiative budget request for fiscal year 1986, the Defense Subcommittee held a series of hearings during the month of April. On April 2, the subcommittee held a closed hearing with the Director of the Strategic Defense Initiative Organization on the specific programs and technologies encompassing SDI. On April 22, the subcommittee heard from outside witnesses who testified on both sides of the issue. On April 23, the subcommittee heard testimony from the Under Secretary of Defense for Policy, and again from the SDIO director on the policy implications of SDI, its relationship to arms control and deterrence, its general economic and industrial impact on the Nation, and the ability of the program to be managed efficiently.

Finally, on September 19, the subcommittee was briefed on the financial and program status of SDI in light of the congressional authorization action, again by the SDIO director.

The Committee's review of the SDI program covered a broad range of issues, such as:

- The impact of SDI on nuclear deterrence and stability;
- cost-effectiveness criteria in determining transition to engineering and deployment;
- the technical feasibility of SDI, and possible Soviet counter-measures;
- technology/industrial base issues relating to the capability of U.S. industry and universities to support SDI research and technology development;
- financial management issues relating to the ability of the program to be executed at the pace that has been programed; and
- arms control concerns relating to treaty obligations.

This review led to the conclusion that the conduct of a vigorous research and technology effort in the area of strategic defense is a high national security priority. Any further reduction to SDI beyond the \$750,000,000 general reduction already imposed by the Senate authorization would be a major setback to the program, forcing additional delays in program milestones and objectives. A further stretchout of SDI research only serves to postpone the generation of answers to questions of the ultimate feasibility and cost-effectiveness of strategic defense.

The SDIO has informed the Committee that continuing all existing SDI contracts into fiscal year 1986 alone would cost \$2,350,000,000. SDIO expected to execute over 1,000 contracts during fiscal year 1986. Funding SDI at \$2,500,000,000, as proposed by the House, could mean that SDIO may be unable to initiate major new innovative contracts, expand research into other technology areas of high payoff, and will probably have to terminate many more existing contracts.

Obligations and expenditures.—The Committee feels confident, on the basis of its review, that the recommended funding can be efficiently used during fiscal year 1986. The Department testified that SDI had obligated nearly 40 percent of its budgeted resources for fiscal year 1985 by the end of the first quarter of the fiscal year. As noted in the October 29, 1985, report on SDI program obligation and expenditures submitted by the chairman of the Subcommittee on Defense, the program was 83-percent obligated by the end of August—clearly demonstrating no major contract execution problems have arisen in the program thus far. As of August 31, 1985, SDI program expenditure rates were better than DARPA and comparable to Air Force strategic RDT&E programs. Year-end obligation rates for the SDI Program are projected to be in the 95- to 98-percent range.

Concern has been raised about the R&D funding ramp-up for SDI and the redirection of Federal spending that it might entail. The Committee notes that the R&D funding ramp-up for SDI is far less pronounced than that of the Apollo program. Furthermore, in a macro-

economic or budget sense, SDI is certainly affordable. The proposed fiscal year 1986 budget request of \$3,712,962,000 for SDI was approximately 1.2 percent of the DOD budget, and about one-third of 1 percent of the U.S. Federal budget. The recommended level of funding will now put SDI research at approximately 1 percent of the DOD budget for fiscal year 1986. Even if SDI increases in future years to the \$4,000,000,000 to \$5,000,000,000 level, it will be much less than 1 percent of the entire U.S. Federal budget.

Research issues.—The Committee's support for SDI research does not imply that it is ready at this time to endorse either full-scale development or deployment of strategic defenses. Rather, the Committee feels that the technologies being researched in the SDI program are worthy of full and fair evaluation so that an informed decision on development and deployment can be made in the early 1990's.

There are many serious issues involving SDI space transportation, space launch requirements, computing requirements, and battle management that will have to be resolved prior to any decision to move forward on engineering development or deployment of space-based strategic defenses. The Committee believes that the SDIO should concentrate additional effort on these issues, for they will, in large measure, determine the ultimate feasibility of strategic defense.

The very payloads now being considered for SDI space-based deployments are far in excess of current U.S. space transportation and space launch capabilities. Space-based SDI deployments of candidate directed energy weapons and fighting mirrors will require either a heavy lift launch vehicle capable of lifting hundreds of thousands of pounds in orbit, or a heavier derivative of the space shuttle. SDI space launch and transportation requirements must be more clearly defined by SDIO in future years.

Also, SDI computing requirements will necessitate capabilities far in excess of current computer software technology. Obtaining this capability may be achievable, but will require significant investment. The Committee notes that the SDIO is working with industry and the university community on this issue. It directs SDIO to provide the Committee with an interim assessment of SDI computing requirements with the fiscal year 1987 budget request for the program.

Reports.—The Committee directs that in the submission of the fiscal year 1987 budget, the Secretary shall submit an updated report (in classified and unclassified form) of the 1985 report on the Strategic Defense Initiative submitted to the Congress pursuant to section 1102 of the Department of Defense Authorization Act, 1985 (Public Law 98-525; 98 Stat. 2580). That updated report shall be of the same scope and in the same format as the 1985 report, including information on the Strategic Defense Initiative required to be submitted to the Congress pursuant to House Report 98-1086.

The Committee has reviewed the SDI program, and believes that pursuit of unsolicited research proposals that demonstrate unique and innovative concepts not otherwise available to the United States may have

the potential of contributing to the Strategic Defense Initiative. The Committee understands appropriations for the Department of Defense during the current fiscal year may be used to undertake research in support of SDI through contracts awarded on the basis of acceptance of such unsolicited proposals without competition in accordance with section 2304(c)(1) of title 10, United States Code.

COMMON JTIDS

The Committee recommends an appropriation of \$200,000,000 for the common JTIDS program, pursuant to the redirection of fiscal year 1986 JTIDS funding in the authorization act. This action coincides with authorization conference transfer of both Navy and Air Force fiscal year 1986 JTIDS funds to the "Defense Agencies" account, for the express purpose of establishing a common JTIDS program if that is deemed feasible by the Secretary of Defense. For further explanation of the limitation of expenditure of JTIDS funds, see section 207(b) of the fiscal year 1986 Defense Authorization Act.

On October 16, the Secretary of the Navy directed the termination of the Navy JTIDS program which was subject to a series of cost overruns and schedule slips. The Navy will now use the Air Force TDMA terminals in its F-14 fighter aircraft, and will incorporate the TDMA family of modules into the E-2C, CG, CV, DDG, and TAOC/TACC platforms. OSD is in the process of developing a new joint program based on the Air Force JTIDS architecture. The Committee recommends fully funding the authorized common JTIDS program and directs that no funds be used toward termination costs on the Navy JTIDS contract.

The Air Force JTIDS is not a unique system, as was Navy JTIDS. The Air Force TDMA architecture will form the basis for the Army's PLRS/JTIDS hybrid. Further, the Army is in the process of fielding class II terminals with air defense units in Europe following DT/OT in fiscal year 1986. Cancellation of Air Force TDMA would have had a severe adverse impact upon the Army in Europe.

Moreover, Air Force JTIDS is an extremely important program for U.S. allies, particularly the British. The British will use these terminals in the Nimrod, Tornado, and the U.K. Air Defense Ground Environment Program. The British programs are also tied contractually to U.S. production of Air Force JTIDS terminals. Also, Air Force JTIDS will have a bilingual capability, a very important interoperability feature. JTIDS TDMA should be in production by March 1987.

JSTARS

The Committee recommends transfer of \$240,211,000 from Air Force RDT&E to Defense Agencies RDT&E to support the joint surveillance target and attack radar system [JSTARS] program. The authorization act transferred this program to the Defense Agencies at that level.

The Committee strongly supports JSTARS development as a critical element of the NATO follow-on force attack [FOFA] initiative. JSTARS will give the Army corps commander the ability to delay and

disrupt Soviet second echelon forces. Development of moving target indicators [MTI] and synthetic aperture radar technologies will make JSTARS platforms capable of detecting and tracking enemy second echelon forces. In the view of the Committee, further delay or termination of the JSTARS program would severely damage the NATO FOFA initiative and jeopardize United States-NATO cooperation in the field of cooperative research and development.

The Committee has previously expressed concern about the survivability of the C-18 platform. Although those concerns have not been alleviated, the Committee is encouraged to see that the Department of Defense views the C-18 as an interim platform. It encourages the expeditious development of a more survivable JSTARS platform for the European theater of operations. However, the Committee cannot support program deferral on the grounds that the C-18 is the wrong platform. There is a requirement to field the JSTARS platform by the early 1990's, and only the C-18 can meet that requirement.

The Air Force proposed to reduce total JSTARS development costs by more than \$200,000,000 by reducing the number of FSD aircraft from four to three; adopting a common PLSS/JSTARS weapon data link; and deleting a ground station module.

With the proposed restructuring of the program, the recommended funding should be sufficient to cover all fiscal year 1986 JSTARS requirements.

UNIVERSITY RESEARCH INITIATIVE

The Committee recommends an appropriation of \$75,000,000 for the university research initiative, an unbudgeted item. These funds will be used to expand university graduate fellowships in scientific and technical fields and modernize university laboratories and instrumentation.

The Committee is concerned that the current enrollment in U.S. university graduate schools in scientific and technical fields principally consists of foreign nationals. The DOD university research initiative will create additional research fellowships for U.S. students to continue their education by entering graduate programs. The Committee notes that the President's Science Advisor, Dr. George Keyworth, strongly supports this initiative and had recommended even higher levels of funding prior to submission of the fiscal year 1986 budget.

The Committee is particularly concerned about the dangerously weakened condition of support for the mathematical sciences in this country. As discussed in the report of the Committee of Resources for the Mathematical Science of the National Research Council, "Renewing U.S. Mathematics: Critical Resource for the Future," increased funding for the mathematical sciences is imperative for the long-term health of the Nation's scientific and engineering capabilities.

This report determined that basic DOD support of the mathematical sciences decreased in constant dollars from fiscal year 1983 to fiscal year 1984. Also, the report warned that "a shift in emphasis toward direct mission relevance phased out virtually all support of pure mathematics and limited support of fundamental applied mathematics as well."

The Committee is concerned that total DOD support for the mathematical sciences is insufficient to meet long-term U.S. national security requirements. The Committee fully concurs with the observation in the NRC report that "DOD's success over the long run depends in part on the health and vitality of the mathematical sciences; hence, appropriate ways must be found to strengthen DOD support of the field."

NUCLEAR MONITORING

The Committee recommends an appropriation of \$22,400,000 for nuclear monitoring, an increase of \$3,000,000 to the budget request. The additional funding will be used to support enhanced research efforts into residual problems for monitoring the Threshold Test Ban Treaty; surveys to find sites for conducting underground nuclear tests in geophysical environments similar to the Soviet testing environment; and for the purpose of reducing the yield uncertainty for monitoring the Threshold Test Ban Treaty. Funds will also be used to conduct research on residual problems associated with monitoring a comprehensive test ban.

POLYGRAPH

The Committee recommends an appropriation of \$590,000 for polygraph, an unbudgeted item. The additional funds would be used for polygraph research to enhance confidence in the results of polygraph examinations administered for personnel security screening purposes. The goal of the research is to identify the extent of testing and/or procedural modes needed to produce results that may be considered reliable and credible.

DEFENSE NUCLEAR AGENCY

The Committee recommends an appropriation of \$374,361,000 for the Defense Nuclear Agency, a reduction of \$10,000,000 to the budget request. The Committee recommendation is \$49,147,000 above the House allowance and supports the fully authorized fiscal year 1986 DNA program.

The Committee strongly supports the DNA program, and must express its severe reservations with the actions taken by the House to cut the program below last year's funding level.

While the emphasis in the DNA RDT&E program is on the technical aspects of nuclear weapon effects and system vulnerabilities, their charter includes the responsibility to perform technical research and analyses of nuclear related problems. Providing OSD, the services, and the nuclear CINC's with an understanding of nuclear force employment structure, size, and basing is imperative. Technology advances by DNA drive improved effectiveness, responsiveness, survivability, and security of nuclear forces, which must be continued if we are to operate our assets efficiently.

The House reduction would erode a strong technology base program, resulting in higher costs and greater risks in fielding nuclear survivable

systems. The DNA RDT&E efforts offer strong leverage, directly support service hardening efforts and address technology needs available nowhere else. It is a small investment with a large payoff.

STRATEGIC TECHNOLOGY

The Committee recommends an appropriation of \$259,900,000 for strategic technology, an increase of \$5,500,000 to the budget request. The recommendation fully funds the authorized program, and adds \$12,000,000 to the DARPA computing program to fund the CASE center computer research project at Syracuse University.

The CASE center project will bring together five research and education programs into a single facility. These programs will be advanced technology in computing applications, artificial intelligence research, computer-controlled experiments and processes, research in information systems, and foundations in computing.

The opportunity to consolidate these academic fields at a single new science and technology center will yield synergistic benefits to the university, the State of New York, and the entire Nation.

FREE ELECTRON LASER MEDICAL PROGRAM

The Free Electron Laser [FEL] Medical Program is intended to develop five university-based multidisciplinary regional centers to explore the application of free electron laser technology in the medical and material sciences. Objectives of the program include support of the basic research programs of the centers, and the expeditious deployment of existing FEL technology at the regional centers as appropriate to support the extension of research in these disciplines. It is the intent of the Committee that the development of the FEL technology at the regional centers required to support this program should begin no later than fiscal year 1986, and that hardware development at each center should be planned for completion by fiscal year 1989.

OTHER ADJUSTMENTS

The fiscal year 1986 Defense Agencies budget request included increases for a number of programs which exceeded by unjustifiably large percentages the amounts provided in fiscal year 1985, or lacked sufficient programmatic justification. The Committee, accordingly, recommends the following reductions:

[In thousands of dollars]

	Budget request	Recommended	Reduction
Management HQ, JTC3A	1,472	722	- 700
Map/chart/geodesy	20,197	18,197	- 2,000
Long haul communications	18,935	16,935	- 2,000
General support to PA&E	3,489	2,489	- 1,000
General support to MRA&L	3,117	3,000	- 117
Support to policy	6,445	6,000	- 445
Defense Technical Information Center	21,656	19,056	- 2,600
Information analysis centers	6,550	6,300	- 250
Management HQ, SDI	9,222	9,000	- 222
Management HQ (R&D)	13,148	12,148	- 1,000

Defense Logistics Agency manufacturing technology.—Pursuant to the authorized level of funding for the defense agencies, the Committee recommends an appropriation of \$500,000 for use by the Defense Logistics Agency for the Military Sewn Products Automation [MILSPA] Program. These funds are to be available only for use by the DLA in the execution of the MILSPA program in fiscal year 1986.

Consultants, studies, and analyses.—The Committee recommends a reduction of \$10,000,000 against Defense Agencies consultants, studies, and analyses.

Reductions proposed by the Office of the Secretary of Defense.—The Committee proposes the following reductions to the fiscal year 1986 budget:

Prior-year program savings	- 51,000
(Prior-year transfer)	(- 51,000)

The Committee does not recommend taking a \$100,000,000 reduction against prior-year program savings for the National Security Agency.

DIRECTOR OF TEST AND EVALUATION, DEFENSE

1985 appropriation	\$59,000,000
1986 budget estimate	103,500,000
House allowance	93,500,000
Committee recommendation	143,500,000

The Committee recommends an appropriation of \$143,500,000, a \$40,000,000 increase to the budget estimate and \$50,000,000 above the House allowance, for the activities of the Office of the Director of Test and Evaluation, Defense.

Test and evaluation.—The Committee recommends an appropriation of \$76,490,000 for test and evaluation, a reduction of \$10,000,000 to the budget request. This reduction is made in accordance with the authorization.

Director, Test and Evaluation.—The Committee recommends an appropriation of \$76,490,000 for Director, Test and Evaluation, a reduction of \$10,000,000 to the budget request. The Office of the Secretary of Defense proposed \$28,000,000 for this program over last year's projection for fiscal year 1986 for the development of simulation facilities for three joint tests and for the integration of test and evaluation of air defense threat simulators.

Of the projects proposed for significant expansion, the most important OSD priority is the air defense threat simulator effort. The Committee recommends full funding for this important joint program, which is also funded in the Army RDT&E account.

The Committee recommends reductions of \$5,000,000 against each of the following projects: C¹ countermeasures and joint forward area air defense. These programs were increased by more than twofold from fiscal year 1985, and the recommended funding level will still provide a major expansion of both projects.

Should the DDT&E feel it is an urgent fiscal year 1986 requirement to have these projects funded at the budgeted level, the Committee would be willing to entertain a reprogramming action on their behalf.

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
RESEARCH DEVELOPMENT TEST & EVAL, DEF AGENCIES					
TECHNOLOGY BASE					
DEFENSE RESEARCH SCIENCES.....	92,600	84,000	86,600	-6,000	+2,600
IN-HOUSE LAB INDEPENDENT RESEARCH.....	1,981	1,791	1,981	---	+190
UNIVERSITY RESEARCH.....	6,250	6,250	6,250	---	---
UNIVERSITY RESEARCH INITIATIVES.....	---	---	75,000	+75,000	+75,000
TECHNICAL STUDIES.....	1,800	1,500	1,500	-300	---
STRATEGIC TECHNOLOGY.....	254,400	247,900	259,900	+5,500	+12,000
TACTICAL TECHNOLOGY.....	102,000	102,000	102,000	---	---
PARTICLE BEAM TECHNOLOGY.....	21,500	21,500	21,500	---	---
INTEGRATED COMB/CONTROL TECH.....	53,000	53,000	53,000	---	---
MATERIALS PROCESSING TECH.....	33,000	33,000	31,000	-2,000	-2,000
NUCLEAR MONITORING.....	19,400	19,400	22,400	+3,000	+3,000
DEFENSE NUCLEAR AGENCY.....	384,361	325,214	374,361	-10,000	+49,147
POLYGRAPH.....	---	590	590	+590	---
TOTAL, TECHNOLOGY BASE.....	970,292	896,145	1,036,082	+65,790	+139,937
ADVANCE TECHNOLOGY DEVELOPMENT					
SURVEILLANCE/ACQSN/TRACK & KILL ASSESSMENT.....	1,386,344	1,386,344	1,386,344	---	---
DIRECTED ENERGY WEAPONS.....	965,441	965,441	965,441	---	---
KINETIC ENERGY WEAPONS.....	859,724	859,724	859,724	---	---
SYSTEMS CONCEPTS AND BATTLE MANAGEMENT.....	243,300	243,300	243,300	---	---
SURVIVABILITY/LETHALITY & KEY SPT TECHNOLOGY.....	250,153	250,153	250,153	---	---
SPI - GENERAL REDUCTION.....	---	-1,212,962	-750,000	-750,000	+462,962
JOINT DOD-DOE HUMINTS TECH DEV.....	8,413	5,000	8,413	---	+3,413
EXP EVAL OF MAJOR INNOVATIVE TECH.....	175,249	161,349	203,249	+28,000	+41,900
SPECIAL TECHNOLOGY OFFICE/USMRE.....	4,177	4,177	4,177	---	---
COUNTER INSURGENCY & SPECIAL TECHNOLOGY.....	11,421	11,421	11,421	---	---
COMMAND AND CONTROL RESEARCH.....	2,313	2,313	2,313	---	---
TOTAL, ADVANCE TECHNOLOGY DEVELOPMENT.....	3,914,535	2,684,260	3,192,535	-722,000	+506,275
STRATEGIC PROGRAMS					
ISLAND SUN.....	17,000	17,000	14,500	-2,500	-2,500
HMCS-WIRE SUPPORT.....	43,498	38,498	38,498	-5,000	---
HMCS SYSTEM ENGINEER.....	21,254	21,254	21,254	---	---
MINIMUM ESSENTIAL ENER COMM NETWORK.....	12,398	12,398	12,398	---	---
TOTAL, STRATEGIC PROGRAMS.....	94,150	89,150	86,650	-7,500	-2,500
TACTICAL PROGRAMS					
CINC C2 INITIATIVES.....	2,083	2,083	2,083	---	---
C3 INTEROPERABILITY (JOINT TACTICAL C3 AWCY).....	72,152	62,152	62,152	-10,000	---
MANAGEMENT HEADQUARTERS (JTC3A).....	1,472	1,472	772	-700	-700
JOINT ADVANCED SYSTEMS.....	---	300,000	300,000	+300,000	---
COMMON JTIDS.....	---	200,000	200,000	+200,000	---
JSTARS.....	---	60,000	240,221	+240,221	+180,221
TOTAL, TACTICAL PROGRAMS.....	75,707	625,707	805,228	+729,521	+179,521
INTELLIGENCE & COMMUNICATIONS					
MAP/CHART/GEOREST.....	975	975	975	---	---
MAP/CHART/GEOREST INV/PROTOTYPE DEV.....	20,197	18,197	18,197	-2,000	---
MAP/CHART/GEOREST ENVR DEV/TEST.....	3,092	3,092	3,092	---	---
SUPPORT OF THE MCS.....	5,686	5,686	5,686	---	---

[in thousands of dollars]

	Budget estimate (1)	House allowance (2)	Committee recom- mendation (3)	Senate compared to—	
				Budget estimate (4)	House allowance (5)
LONG-HAUL COMMUNICATIONS (DCS).....	18,935	18,935	18,935	-2,000	---
CLASSIFIED PROGRAMS.....	1,826,848	1,628,372	1,761,816	-65,032	+133,444
(PY TRANSFER).....	---	(101,112)	---	---	(-101,112)
TOTAL, INTELLIGENCE & COMMUNICATIONS.....	1,875,733	1,673,257	1,806,701	-69,032	+133,444
=====					
DEFENSEWIDE MISSION SUPPORT					
TECHNICAL SUPPORT TO USDR/E.....	23,593	23,093	23,093	-500	---
GENERAL SUPPORT FOR PA/E.....	3,489	2,989	2,989	-1,000	-500
SUPPORT TO POLICY.....	6,445	6,300	6,000	-445	-300
GENERAL SUPPORT FOR NET ASSESSMENT.....	4,032	4,032	4,032	---	---
GENERAL SUPPORT FOR NRA/L.....	3,117	3,117	3,000	-117	-117
CRITICAL TECHNOLOGY.....	2,792	2,792	2,792	---	---
TECHNICAL ANALYTICAL SUPPORT.....	16,001	15,001	15,001	-1,000	---
TAPISTRY.....	2,793	---	2,793	---	+2,793
BLACKLITE.....	4,000	4,000	4,000	---	---
DEFENSE TECHNICAL INFO CENTER.....	21,656	20,000	19,056	-2,600	-944
INFORMATION ANALYSIS CENTERS.....	6,550	4,500	6,300	-250	+1,800
MANAGEMENT HEADQUARTERS SDI.....	9,222	9,222	9,000	-222	-222
NET HQ (RESEARCH/DEVELOPMENT).....	13,148	12,148	12,148	-1,000	---
INDUSTRIAL PREPAREDNESS.....	5,000	2,000	5,000	---	+2,920
TECHNOLOGY TRANSFER FUNCTIONS.....	1,645	1,645	1,645	---	---
TOTAL, DEFENSEWIDE MISSION SUPPORT.....	123,483	110,919	116,349	-7,134	+5,430
=====					
CONSULTANTS, STUDIES & ANALYSES.....	---	-10,000	-10,000	-10,000	---
GENERAL REDUCTION.....	---	-42,000	---	---	+42,000
RESTORATION OF CIVILIAN PAY REDUCTION.....	---	---	1,200	+1,200	+1,200
FY-1986 INFLATION SAVINGS.....	---	-6,400	---	---	+6,400
PRIOR YEAR PROGRAM SAVINGS.....	---	-47,000	-51,000	-51,000	-4,000
PRIOR YEAR INFLATION SAVINGS.....	---	-31,000	---	---	+31,000
(PY TRANSFER).....	---	(47,000)	(51,000)	(+51,000)	(+4,000)
NATO COOPERATIVE R&D PROGRAMS.....	---	---	50,000	+50,000	+50,000
(PY TRANSFER).....	---	(31,000)	---	---	(-31,000)
=====					
TOTAL, RESEARCH DEVELOPMENT TEST & EVAL, DEF AGENCIES	7,053,900	5,943,038	7,033,745	-20,155	+1,090,707
TRANSFER FROM OTHER ACCOUNTS.....	---	(179,112)	(51,000)	(+51,000)	(-128,112)
TOTAL FUNDING AVAILABLE.....	7,053,900	6,122,156	7,084,745	+30,845	+962,595
=====					
DIRECTOR OF TEST & EVALUATION, DEFENSE					
FOREIGN WEAPONS EVALUATION.....	17,010	17,010	17,010	---	---
NATO COOPERATIVE R&D TESTING.....	---	---	50,000	+50,000	+50,000
TEST AND EVALUATION.....	86,490	76,490	76,490	-10,000	---
TOTAL, DIRECTOR OF TEST & EVALUATION, DEFENSE.....	103,500	93,500	143,500	+40,000	+50,000
=====					
RECAPITULATION					
TOTAL, RTE, ARMY.....	5,279,900	4,436,475	4,841,169	-438,731	+404,694
TRANSFER FROM OTHER ACCOUNTS.....	---	(110,530)	(265,000)	(+265,000)	(+154,470)
TOTAL, RTE, NAVY.....	11,264,300	9,462,631	10,104,594	-1,159,706	+641,963
TRANSFER FROM OTHER ACCOUNTS.....	---	(271,496)	(183,000)	(+183,000)	(-88,496)
TOTAL, RTE, AIR FORCE.....	15,578,500	13,217,177	13,861,113	-1,717,387	+643,936
TRANSFER FROM OTHER ACCOUNTS.....	---	(359,000)	(256,000)	(+256,000)	(-103,000)

[In thousands of dollars]

	Budget estimate	House allowance	Committee recom- mendation	Senate compared to—	
				Budget estimate	House allowance
	(1)	(2)	(3)	(4)	(5)
TOTAL, RDTE, DEFENSE AGENCIES.....	7,053,900	5,943,038	7,033,745	-20,155	+1,090,707
TRANSFER FROM OTHER ACCOUNTS.....	---	(179,112)	(51,000)	(+51,000)	(-129,112)
TOTAL, RDTE, DIRECTOR OF TEST AND EVALUATION.....	103,500	93,500	143,500	+40,000	+50,000
TOTAL, RDTE.....	39,280,100	33,152,821	35,984,121	-3,295,979	+2,831,300
TRANSFER FROM OTHER ACCOUNTS.....	---	(920,138)	(755,000)	(+755,000)	(-165,138)
TOTAL FUNDING AVAILABLE.....	39,280,100	34,072,959	36,739,121	-2,540,979	+2,666,162

TITLE V

SPECIAL FOREIGN CURRENCY PROGRAM

1985 appropriation	\$8,650,000
1986 budget estimate	2,100,000
House allowance	2,100,000
Committee recommendation	2,100,000

The Committee recommends the budgeted level of \$2,100,000 for the Special Foreign Currency Program.

The special foreign currency appropriation provides dollars to be used exclusively for the purchase from the Treasury of excess foreign currencies which are used in the financing of programs of benefit to the Department of Defense. Such expenditures are authorized by 80 Stat. 990.

TITLE VI

REVOLVING AND MANAGEMENT FUNDS

The Committee recommends appropriations totaling \$1,809,600,000 in title VI, revolving and management funds, for fiscal year 1986. This is \$50,000,000 below the budget estimate and \$196,800,000 above the House allowance. In addition, a transfer of \$852,100,000 is recommended to capitalize a Mariner Fund. The Committee also recommends the formation of an automated data processing [ADP] management fund.

The Stock Fund appropriations provide for the purchase of war reserve material and peacetime operating stock. The stock funds of the respective military services are the primary financial vehicles for the purchase of such material. A portion of these stock-funded items which are consummable in nature—repair parts, clothing, and other expendable material—are held for use in the event of an outbreak of hostilities. The bulk of the material is stocked for normal peacetime operations use.

The following are the Committee recommendations by account:

ARMY STOCK FUND

1985 appropriation	\$366,448,000
1986 budget estimate	442,000,000
House allowance	393,000,000
Committee recommendation	393,000,000

The Committee recommends an appropriation of \$393,000,000. This is \$49,000,000 below the budget request and the same as the House allowance. The reduced funding reflects the authorized levels.

NAVY STOCK FUND

1985 appropriation	\$473,307,000
1986 budget estimate	716,500,000
House allowance	616,500,000
Committee recommendation	638,500,000

The Committee recommends an appropriation of \$638,500,000. This is \$78,000,000 below the request and \$22,000,000 above the House allowance.

The Committee recommendation reflects the authorized level. The House reduced this program by an additional \$22,000,000 to limit the real program growth requested. The Committee does not concur in the House reduction.

Reserve Naval Construction Force.—The Committee directs that \$59,000,000 from within available funds be provided to procure and provide for retail supplies configured on a unit set basis to outfit the Reserve Naval Construction Force. Funds for this effort were requested to outfit units of the Seabee Advance Base Functional Components.

MARINE CORPS STOCK FUND

1985 appropriation	\$34,908,000
1986 budget estimate	42,700,000
House allowance	37,700,000
Committee recommendation	37,700,000

The Committee recommends an appropriation of \$37,700,000. This is \$5,000,000 below the budget request and the same as the House allowance. The recommended funding is the authorized level.

AIR FORCE STOCK FUND

1985 appropriation	\$548,593,000
1986 budget estimate	464,900,000
House allowance	415,900,000
Committee recommendation	415,900,000

The Committee recommends an appropriation of \$415,900,000, which is \$49,000,000 below the request and the same as the House allowance.

DEFENSE STOCK FUND

1985 appropriation	130,700,000
1986 budget estimate	193,500,000
House allowance	149,700,000
Committee recommendation	174,500,000

The Committee recommends an appropriation of \$174,500,000. This is \$19,000,000 below the budget request and \$24,800,000 above the House allowance. The Committee recommendation reflects authorized funding levels. The House reduced funding further to slow the procurement of peacetime operating stocks. The Committee does not agree with the House reduction.

MARINER FUND

1985 appropriation	
1986 budget estimate	
House allowance	
Committee recommendation	(\$852,100,000)

The Committee recommends a transfer of \$852,100,000 to capitalize a Mariner Fund to be derived from unobligated funds available in the prior-year defense appropriation accounts. The recommended transfer and use of such payments is subject to enactment of pending legislation to establish the revolving fund. The proposed fund is intended for the construction of commercial type vessels, with military specifications, and subsequent lease to private shipping concerns. Authorization should provide for the administration of the fund by the Navy.

The following table summarizes the program funding from prior year appropriations recommended for transfer.

[In millions of dollars]

Ship program	Fiscal year—			
	1982	1983	1984	1985
Trident.....		134.9	151.9	
SSN-688.....	8.3			
Battleship.....		5.0		
CG-47.....		163.2	56.4	
DDG-51.....				124.0
FFG-7.....	26.3			
TAO.....			26.4	
TAH.....		5.8		
LSD-41.....			5.5	
LHD-1.....			37.9	
TAKR.....			12.6	
Service craft.....		3.9	44.0	
Outfitting.....	3.8	5.5		
Post delivery.....		9.7	12.0	
LPD SLEP.....				15.0

ADP MANAGEMENT FUND

1985 appropriation.....	
1986 budget estimate.....	
House allowance.....	
Committee recommendation.....	\$150,000,000

The Committee recommends an appropriation of \$150,000,000 to establish the ADP Management Fund for the purchase of automated data processing [ADP] equipment. The Committee believes the infusion of capital into this fund will expedite the purchase of ADP systems. It is the Committee's intent that the fund be used to buy out existing uneconomical leases and to initiate the procurement of new ADP systems, if the purchase of such systems is found to be most cost effective. This continues an initiative raised by Congress in the Fiscal Year 1984 Appropriations Act.

ADP transfer authority.—The Committee also recommends a general provision which grants the Office of the Secretary of Defense the authority to transfer funds between the operation and maintenance and procurement accounts whenever it is determined that it is more economical to acquire ADP capability and equipment in a different manner than provided for in the enacted appropriation. The House directed the Defense Department to continue the lease/purchase buyout program in the operation and maintenance accounts and expand the buyout of uneconomical leases to other appropriations. The House also directed implementation of a separate purchase program for office automation equipment leases and specified at least \$50,000,000 must be available to each military service for the buyout of uneconomical leases until the program is complete. The Committee is not persuaded that the directed management of the buyout program will yield the results and the economies the House seeks. Rather, the fiscal realities of the ap-

propriation structure dictate that reforms be implemented to the financing policy.

Because of budget lead times and uncertainty over contract costs, funds may not be available in the appropriate account to finance the lowest cost method of acquisition. If funds are budgeted in the operating accounts to lease and it is subsequently determined that purchase of the equipment is most cost-effective to the Government, these funds cannot be applied for procurement without reprogramming. The inversion of this circumstance also poses a financial impediment to cost efficiency.

The Committee believes the recommended transfer authority will significantly enhance the Department's ability to acquire ADP capability and equipment in the most cost-effective manner. Further, this authority will allow the Department to aggressively pursue the buyout of current uneconomical leases in operation and maintenance accounts and other appropriations, at levels required to conclude the lease/purchase program, if deemed appropriate or necessary by OSD. The Committee asks the Secretary to provide a quarterly report of transfers made under this provision to the House and Senate Appropriations Committees.

Management and oversight of general purpose ADP systems.—The Defense Department has assigned policy guidance and oversight of general purpose ADP systems to the Office of the Assistant Secretary of Defense, Comptroller. Systems determined to be "mission critical" are administered by the Under Secretary of Defense for Research and Advanced Technology. Formal oversight reviews are conducted by the Major Automated Information Systems Review Council for the Comptroller and the Computer Resources Council for the Under Secretary.

Like the House, the Committee fails to appreciate the need for two separate policy guidance and oversight structures within OSD and directs the Secretary of Defense to determine whether all general purpose ADP systems can be incorporated under the policy guidance of the Comptroller. The Committee strongly suggests this approach and asks the Secretary of Defense to inform the Senate and House Appropriations Committees of the Department's proposal by March 1, 1985.

Consolidation of headquarters ADP.—The House directed the Comptroller of the Defense Department to consolidate all headquarters automation efforts into a single program and to take the necessary steps to prevent unnecessary duplication and incompatibility of headquarters support systems. The Committee agrees that OSD should initiate action to ensure standardization and coordination of headquarters automation efforts, but does not feel that consolidation is feasible at this time.

ADP budget documentation.—The House directed the Defense Department to submit a single general purpose ADP resources exhibit and detailed budget exhibits from the military services and defense agencies to accompany the fiscal year 1987 budget request. The Committee understands that it would be difficult for the Department to comply with the House direction in time for the fiscal year 1987 submission.

Therefore, the Committee recommends that OSD, in consultation with Congress, develop a revised budget exhibit format that addresses the concerns of the committees during this fiscal year and to be included in the fiscal year 1988 budget submission.

TITLE VII RELATED AGENCIES

INTELLIGENCE COMMUNITY STAFF

1985 appropriation	\$21,797,000
1986 budget estimate	22,283,000
House allowance	22,083,000
Committee recommendation	22,283,000

The Committee recommends an appropriation of \$22,283,000 which is the same as the budget estimate and \$200,000 below the House allowance. Details of this recommendation are contained in the classified annex to this report.

PAYMENT TO THE CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM FUND

1985 appropriation	\$99,300,000
1986 budget estimate	101,400,000
House allowance	101,400,000
Committee recommendation	101,400,000

The Committee recommends an appropriation of \$101,400,000 for the payment to the Central Intelligence Agency Retirement and Disability System Fund. The Committee recommendation concurs in the budget estimate and in the House allowance. It is an increase of \$2,100,000 over the fiscal year 1985 appropriation.

The Central Intelligence Agency Retirement Act of 1964 for Certain Employees (Public Law 88-643, October 3, 1964) authorized the establishment of a Central Intelligence Agency retirement and disability system for a limited number of Agency employees and authorized the establishment and maintenance of a fund from which benefits would be paid to qualified beneficiaries. The fund finances the cost of: (1) interest on the unfunded liability, (2) annuities attributable to credit allowed for military services, (3) benefits not met by employee/employer contributions, and (4) the increase in unfunded liability resulting from liberalized benefits and Federal pay raises.

The benefits structure of this fund is similar to that of the civil service retirement system.

TITLE VIII

GENERAL PROVISIONS

In addition to provisions discussed elsewhere in the report, the Committee recommends the following changes in the general provisions under title VIII of the accompanying bill:

Expenditures for consulting service.—The Committee recommends concurrence in the House retention of last year's language which limits the expenditure for a consulting service through a procurement contract to those contracts where such expenditures are a matter of public record. The budget requests deletion of this provision.

Exemption from apportionment.—The Committee recommends concurrence in the House action making permanent law this provision which gives the President authority to exempt appropriations and contract authorizations from monthly apportionment requirements if required in the interest of national defense. The Secretary of Defense may also provide for the cost of an airborne alert and for the cost of increased active duty military personnel if the President determines that these actions are necessary. This language has been carried in annual DOD appropriations acts since 1969.

Household goods weight allowance.—The Committee recommends agreement with the House and the budget request to raise the weight allowance for the shipment of household goods from 13,500 to 18,000 pounds for military personnel.

Interdepartmental transfer of vessels.—The Committee concurs in the House action making permanent law the language which permits the transfer of vessels from the Departments of Transportation and Defense to other agencies without reimbursement when approved by the transferring agencies. DOD has requested that this language be made permanent since it has been carried in annual DOD appropriations acts since 1953.

Limitation on obligation of funds.—The Committee recommends concurrence in the budget request and House action to delete the "Environmental restoration" account as being one from which not more than 20 percent of appropriated funds may be obligated during the last 2 months of the fiscal year.

Conversion from coal.—The Committee recommends concurrence in the House language which continues the prohibition against the conversion of heating plants in Europe from coal to oil under third party contracting. The budget requests deletion of this prohibition.

RDT&E appropriations.—The Committee recommends concurrence in the House action making permanent law the language permitting the use of RDT&E funds for the acquisition or construction of specialized R&D facilities required for the performance of an R&D contract. DOD requests that this be made permanent since it has been carried in annual DOD appropriations acts since 1954.

Legislative affairs.—The Committee recommends agreement with the budget request to raise the limitation for legislative affairs from \$12,700,000 to \$13,434,000. The House recommended a \$12,934,000 limit for legislative affairs.

Transfer authority.—The Committee recommends agreement with the House retention of language which restricts appropriation transfers to those appropriated by this act. The budget request would permit the transfer of prior year unobligated balances. In addition, the Committee recommends a maximum transfer authority of \$950,000,000, rather than the \$1,200,000,000 requested by the budget and allowed by the House, in order to restrain the growth in reprogramming requests.

Conversion of heating plants.—The Committee recommends concurrence in the House language which continues the prohibition against the conversion from coal to oil at DOD facilities in Europe. The budget requests deletion of this prohibition.

Cigarette price increase.—The Committee recommends a new provision which ensures that the price of cigarettes sold in commissaries, exchanges, and ship stores is the same as the prevailing local market price. Overseas prices of cigarettes sold in commissaries, exchanges, and ship stores shall be the same as the national average price of cigarettes sold in the United States.

Public affairs activities.—The Committee recommends raising the annual spending limitation on public affairs from the present \$43,400,000 to \$43,613,000 as requested by the budget. The House allowance decreases the funding level to \$42,888,000.

Arms Export Control Act.—The Committee recommends a technical change to the budget request and the House provision governing the use of credits made available pursuant to the Arms Export Control Act. Since the submission of the budget, the section cited in law has been redesignated. The Committee-recommended change merely reflects this redesignation.

FRG compensation claims.—The Committee recommends agreement with the House retention of language which prohibits the Department from using appropriated funds to pay certain anticipatory claims to the Federal Republic of Germany. The budget requests deletion of this provision.

Medical care reimbursement.—The Committee recommends concurrence in the House continuation of the requirement that foreign military and diplomatic personnel reimburse DOD for medical services obtained through DOD. The budget proposed deleting this provision.

Multiyear contracts.—The Committee recommends concurrence in the House modification of this provision so that no part of any appropria-

tion shall be available to initiate multiyear procurement contracts for any system or component thereof whose value would exceed \$500,000,000 unless specifically provided for.

The Committee recommends a new requirement for a present value analysis in the comparison of multiyear and annual procurement costs. This is discussed in the procurement section of the report.

Also, the Committee recommends agreement with the House provision of multiyear procurement authority for the T-700 series aircraft engines, MK-46 torpedo program, Bradley fighting vehicle transmission, M-1 tank chassis, M-1 tank engine, M-1 tank fire control components, and the LHD-1 class amphibious assault ships. The budget requests deletion of the entire provision which now requires advance notification on multiyear contracts employing an economic order quantity procurement or having an unfunded contingent liability in excess of \$20,000,000.

POMCUS.—The Committee recommends concurrence in the House retention of the prohibition against transporting POMCUS materiel in excess of four sets. The budget requested deletion of this prohibition.

Advanced technology bomber [ATB].—The Committee recommends agreement with the House retention of language directing the Department to continue priority emphasis on the ATB program. The budget requests deletion of this provision.

Coal and coke from foreign sources.—The Committee recommends concurrence in the House retention of language prohibiting DOD from using foreign sources of coal and coke overseas. The budget requests deletion of this prohibition.

Army lands conveyance.—The Committee recommends a new general provision which directs the conveyance of certain lands to the municipality of Anchorage. The municipality has offered to provide free waste disposal services for 20 years to Fort Richardson, AK, in exchange for permission to locate a sanitary landfill on a 530-acre site within the fort's boundaries. These services are worth more than \$7,000,000. The Committee understands that the Army favors this proposal and has included language to ensure that the 530-acre site will be conveyed to the municipality if it is declared excess to the needs of the Army.

Executive schedule positions.—The Committee recommends concurrence in the House limitation of 37 on the number of executive level positions in the Department of Defense. The budget requests deletion of this provision.

Civilian technicians.—The Committee recommends changing the floor on civilian technicians from 62,410 to 66,086 and the ceiling on the number of positions in support of the Army Reserve or the Army and Air National Guard from 37,957 to 43,157 in agreement with the House. The budget requests no change.

Civilian personnel ceilings.—The budget requests deletion of the direction that civilian personnel ceilings not apply for fiscal years 1985-86. The Committee recommends, instead, that this direction be applied for fiscal years 1986-87 in agreement with the House.

Nicaragua.—The Committee recommends deletion of the House prohibition against the use of funds available to the Central Intelligence Agency, Department of Defense, or any other agency or entity of the United States involved in intelligence activities for material assistance to the Nicaraguan Democratic Resistance. The Committee recommends, instead, concurrence in the provisions of the Senate-passed intelligence authorization bill.

Working capital fund transfer.—The Committee recommends a new general provision which permits transfers from working capital funds to the Operation and maintenance, Army, Navy, and Air Force appropriations accounts.

Aircraft and vehicle leasing.—The Committee recommends concurrence in the House action and budget request to repeat language to prohibit the Department from leasing aircraft or vehicles to non-Federal agencies when suitable aircraft or vehicles are commercially available in the private sector. In addition, the Committee recommends against new House language which permits the extension of leases entered into prior to December 29, 1981.

Contract and lease limitation.—The Committee recommends agreement with the House repetition of fiscal year 1985 Supplemental Appropriations Act language requiring that lease contracts with a term of 18 months or more be submitted to Congress before being entered into, extended, or renewed. The budget requests existing language be deleted.

Fort De Russy.—The Committee recommends adoption of language which permits the sale, lease, or rental of land at Fort De Russy, Hawaii. The budget requests deletion of fiscal year 1985 language which prohibited such action. The House repeated this prohibition.

Unemployment compensation.—The Committee recommends reducing the limit on payments to the Department of Labor from \$197,800,000 to \$171,300,000 for unemployment compensation costs. The House allowed the budget request of \$189,300,000.

Aircraft power cable assemblies.—The Committee recommends against the budget request and House language which limits the amount of aircraft power supply cable assemblies which can be purchased from industry by each military facility.

Multiple launch rocket system [MLRS].—The Committee recommends a new general provision which provides that funds appropriated for this program be available for economic order quantity purchases of materials and components for use with MLRS end items proposed for procurement in fiscal year 1989.

Dependent student travel.—The Committee recommends modification of last year's language to limit paid military dependent student travel to expenses outside the contiguous United States so that limited travel to or from any Military Airlift Command aerial port of entry is permitted. The budget requests and the House agreed to the deletion of this language.

Floating storage of petroleum.—The Committee recommends concurrence in the House denial of the budget request to delete the requirement that DOD use U.S. vessels for floating storage of petroleum or petroleum products.

Civil Air Patrol.—The Committee recommends concurrence in the House denial of the budget request to delete the requirement that \$3,000,000 of Air Force money be made available for the Civil Air Patrol.

Ferral burros and horses.—The Committee recommends concurrence in the House action and budget request to expand the current authority for the Navy to use helicopters and motorized equipment at the China Lake Weapons Center to remove animals. This new language would permit DOD to use available funds to remove ferral burros and horses from all DOD installations rather than the one Navy location now cited in law.

Dental officer continuation pay.—The Committee recommends agreement with the budget request to delete the prohibition against the payment of dental officer continuation pay for specialties which are fully manned. The House continued this prohibition.

Indian labor.—The Committee recommends retaining language which allows the Department to use Indian labor so far as may be practicable. The budget requests and the House provided for the deletion of this language.

District heating systems.—The Committee is reviewing its policy on the use of U.S. coal at defense installations both in Europe and at home. It is increasingly concerned about the inability of U.S. forces in Europe to maintain and rehabilitate older, mostly pre-World War II coal-fired heating plants in the face of increasingly more stringent air quality control statutes being enforced by the Government of the Federal Republic of Germany. Moreover, it questions the current practice of using imported oil to heat domestic military facilities while permitting the export of valuable coal resources to heat overseas bases.

The Committee is persuaded that the prohibition against district heat established last year should continue for fiscal year 1986, with one exception, to give the Committee additional data on its economic and political implications. Accordingly, the Committee recommends against the use of funds to consolidate or convert heating facilities which currently burn coal to district heating distribution systems. The one exception is the U.S. garrison located at Bad Kissingen, Hessen, in the Federal Republic of Germany. This exception is in addition to the 18 exceptions permitted last year and is granted due to the environmental concerns of that region.

The relaxation of this restriction is not intended to diminish reliance on U.S. energy supplies which are vital to the security of the Nation and the state of defense preparedness. Rather, to fully promote greater reliance on domestic energy resources and to provide a more judicious use of defense resource dollars, the Committee directs the Department of Defense to implement immediately its proposal to increase domestic

use of coal. This 7-year proposal was submitted to the Committee on August 30, 1985. It is designed to increase the use of bituminous coal at U.S. defense installations by 1.6 million short tons by 1994.

The amount of anthracite coal shall remain at least at the current annual purchase level, 302,000 short tons. In order to maintain this level, the Department shall begin immediate stockpiling within the continental United States, and it shall vigorously pursue all rehabilitation projects which can convert U.S. facilities to anthracite coal usage. The Committee will review the implementation of this proposal and continued use of coal overseas during consideration of the Department's fiscal year 1987 budget request.

Finally, the Department is directed to apply the following economic criterion to decisions concerning fuel selection: The cost of coal usage shall be considered to be cost effective if the investment cost differential can be recovered under the expected life of the facility using accepted life cycle costing techniques based on average projected fuel costs, a 7-percent discount rate and 90 percent of the initial cost of the plant or rehabilitation.

Balanced budget and deficit control.—The Committee recommends new language which extends to all Department of Defense contracts, including multiyear procurement contracts, across-the-board reductions required by the Balanced Budget and Emergency Deficit Control Act or any similar legislation.

Foreign selling costs.—The Committee recommends against the budget request to delete the prohibition against the use of funds to compensate foreign selling costs as described in Federal Acquisition Regulation 31.205-38(b) as in effect on April 1, 1984. This is done in agreement with the House.

NATO conventional capability.—The Committee recommends concurrence in the House denial of the budget request to delete the requirement that the Appropriations Committees be notified if the Director of Operational Test and Evaluation uses funds to acquire NATO weapons for testing.

Abortion.—The Committee recommends concurrence in the budget request to delete the prohibition against the use of funds for abortion since this prohibition is now codified in 10 United States Code 1093. The House recommended retention of this prohibition despite the codification.

Unobligated balances.—The Committee recommends concurrence in the budget request to retain the prohibition against the transfer of unobligated balances of CIA funds into the reserve for contingencies. The House permitted such transfers.

Labor surplus areas.—The Committee recommends concurrence in the House retention of language directing that to the maximum extent practicable DOD contracts be awarded in labor surplus areas. The budget requests deletion of this language.

Competition.—The Committee recommends concurrence in the House retention of language expressing the sense of Congress that competition

be expanded in the provision of our national defense. The budget requests deletion of this provision.

NATO/Japan consultation.—The Committee recommends against the House provision that the President should consult with NATO, Japan and other allies on research for the Strategic Defense Initiative and report to the Congress each year on the status of these consultations. This provision was contained in the fiscal year 1985 DOD Appropriations Act and does not need to be repeated.

Local hire.—The Committee recommends new language which requires DOD contracts for construction or services in noncontiguous States to employ, in high unemployment areas, local residents who possess or can promptly acquire the requisite skills.

NATO/Japan increased defense spending.—The Committee recommends against the House provision that the President should insist that NATO nations and Japan meet or exceed 3 percent real growth in defense spending for fiscal years 1986 and 1987.

Dislocation allowance.—The Committee recommends a new provision which prohibits the payment of a dislocation allowance of more than 1 month's basic allowance for quarters. This provision denies the authorization add-on which would double the allowance to 2 months' BAQ.

Defense Personnel Support Center.—The Committee recommends concurrence in the budget request to delete the prohibition against contracting out at this facility. The House recommends continuation of the prohibition.

Army enlistment bonus and educational assistance.—The Committee recommends a new provision which limits the amount of educational assistance which can be paid to a service member who receives an enlistment bonus.

Joint tactical missile system [JTACMS].—The Committee recommends concurrence in the House prohibition against the use of funds for RDT&E and procurement of a nuclear warhead for the JTACMS. The budget requests this prohibition be deleted.

Interport differential factor.—The Committee recommends keeping language included in the fiscal year 1985 Supplemental Appropriations Act which prohibits the use of funds by the Navy to enter into any overhaul, repair, or maintenance contract which includes charges for interport differential. The House did not continue the prohibition.

Flat rate per diem.—The Committee recommends concurrence in new House language permitting the test of a flat rate per diem system for military and civilian travel allowances, but recommends that the test extend until the passage of permanent legislation rather than for 2 years as allowed by the House.

Home health care for dependents.—The Committee recommends against the new House language which provides for a pilot test project providing home health care to dependents.

Permanent change of station [PCS].—The Committee recommends new language which caps the amount of fiscal year 1986 PCS funding at \$2,782,756,000, but permits the Department to exceed this cap if the

Secretary of Defense determines that such action is in the interest of national defense and gives prior notification to Congress.

Ready Reserve off-duty training.—The Committee recommends modification of new House language which prohibits DOD payment of more than 75 percent of charges for postsecondary education tuition of off-duty training of Ready Reserve commissioned officers. Modification permits reimbursement to members who participated in a tuition assistance program canceled in fiscal year 1985.

Defense Mapping Agency contracts.—The Committee recommends against new House language which governs the procurement of contracts by the Defense Mapping Agency.

Basic allowance for quarters [BAQ]/saved pay.—The Committee recommends new language which ensures that BAQ rates do not fall below those in effect on December 31, 1984.

Contractor performance.—The Committee recommends against new House language which requires a full cost comparison before DOD activities performed by 10 civilians can be converted to contract activities.

Automated data processing [ADP] transfers.—The Committee recommends new language which permits funding transfers for ADP equipment if such transfers are a more economical means of acquisition.

Mapping, charting, and geodesy information.—The Committee recommends concurrence in new House language which permits the use of funds for the exchange of mapping, charting, and geodetic data to a foreign country pursuant to an agreement for the production of such data.

Defense research sciences.—The Committee recommends against new House language which makes available \$1,000,000 only for establishing at a private nonprofit institution a pilot program for advanced semiconductor research.

NATO research and development funds.—The Committee recommends against new House language which directs that none of the funds appropriated for NATO cooperative research and development may be spent until 30 days after receipt of written notification by the Appropriations and Armed Services Committees of the Congress.

Public relations costs.—The Committee recommends new language which requires the Secretary of Defense to determine which public relations costs are allowable in Department of Defense contracts.

Binary munitions.—The Committee recommends against House restrictions on procurement or assembly of binary munitions or on the establishment of production facilities necessary for procurement or assembly of binary munitions, together with other restrictions. The Committee supports the policy adopted by Congress in the Defense authorization bill. This issue is discussed in the procurement section of the report.

C-12 aircraft procurement.—The Committee recommends concurrence in the new House direction that any C-12 aircraft procurement be made through competitive procedures.

120 mm mortar procurement.—The Committee recommends against the House direction that no funds be used for the procurement of 120 mm mortars or 120 mm mortar ammunition manufactured outside the United States.

Hazardous waste disposal.—The Committee recommends new language which provides the Department authority to remove unsafe and unsightly buildings and debris at former DOD sites.

ASAT weapon.—The Committee recommends denial of the House prohibition against the use of funds to test an antisatellite weapon against an object in space until the President certifies to Congress that the Soviet Union has conducted such a test.

Fort Wainwright transfer.—The Committee recommends new language which directs the Department of the Army to transfer \$7,200,000 to the Bureau of Land Management in preparation for the establishment of the new Light Infantry Division at Fort Wainwright, AK. The Army has requested that the Bureau of Land Management relocate its Fairbanks District Office which is currently located on Fort Wainwright. Relocating the district office off base will enhance the fort's security by substantially reducing the number of nonmilitary visitors entering Fort Wainwright.

Air Force One aircraft.—The Committee recommends against the House general provision which limits to \$35,000,000 the funds made available to initiate a replacement program for Presidential Air Force One aircraft. Instead, the Committee recommends in the appropriate accounts that the \$300,000,000 required to fully fund the replacement program be made available.

Foreign currency fluctuation.—The Committee recommends modification of House language which permits the transfer of up to \$1,000,000,000 from the "Foreign currency fluctuation, defense," account to other appropriations. The Committee allowance would limit transfer authority to \$468,000,000 in accordance with the authorization conference agreement.

Limitation on conflict of interest in defense procurement.—The Committee recommends against new House language which authorizes specific procurement reforms.

Prohibition on the sale of alcoholic beverages.—The Committee recommends new language which directs that alcoholic beverages procured with nonappropriated funds for resale (including alcoholic beverages sold by the drink) on a military installation located in the United States be procured in the State in which the military installation is located.

Regulation of allowance costs payable to defense contractors.—The Committee recommends against new House language which authorizes specific procurement reforms.

Basic allowance for quarters [BAQ]/sea duty.—The Committee recommends new language which makes retroactive to October 1, 1985, and extends through fiscal year 1986, authority to pay BAQ to service members on sea duty.

Multiple sources for major defense acquisition programs.—The Committee recommends against new House language which authorizes specific procurement reforms.

Availability of prior year appropriations.—The Committee recommends a new general provision which states that no prior year appropriations transferred or otherwise made available by this act shall remain available for obligation beyond the expiration dates established when appropriated.

Clarification of section 971 cost and price management provision.—The Committee recommends against new House language which authorizes specific procurement reforms.

Transfer to Coast Guard operating expenses.—The Committee recommends against new House language which appropriated \$100,000,000 to the "Navy operation and maintenance" account for transfer to Coast Guard operating expenses.

Printing press at Gunter AFS, AL.—The Committee recommends a new general provision which prohibits the use of funds for the installation, maintenance, and operation of a printing press recently procured by the Department of the Air Force. In March 1985, the Joint Committee on Printing conducted an in-depth study of the printing plant located at the Gunter Air Force Station, AL. Its examination revealed the Air Force was not participating fully in the Federal printing procurement program. Specifically, the Gunter facility regularly retains long-run, long lead-time, nonsecurity work for in-house production when such work could be procured from the private sector through Government Printing Office contracts at substantially lower cost to the Government. The Committee suggests the Air Force implement the recommendations made by the Joint Committee on Printing in its March 1985 report.

Command structures.—The Committee recommends a new general provision which prohibits the use of funds to restructure, reorganize, operate, or maintain the Atlantic Command other than as constituted prior to August 1985, nor to alter the command structure for military forces in Alaska.

TITLE IX

COUNTER-TERRORISM CONTINGENCY FUND

The Committee recommends an appropriation of \$100,000,000 and the establishment under a separate title in the bill of the Counter-terrorism Contingency Fund. There was no budget estimate or House allowance.

This fund is intended to make emergency resources available to the Department of Defense in response to terrorist activities against U.S. personnel, property, and interests throughout the world. Safeguards have been written in to assure Presidential control and congressional review of the use of these funds without erecting any procedural or bureaucratic barriers.

Care has been taken, however, to assure that the Counter-terrorism Fund cannot be diverted to support for activities not conducted or sanctioned by established Government agencies.

The recommended bill language is reprinted below:

COUNTER-TERRORISM CONTINGENCY FUND

For the Counter-terrorism Contingency Fund, \$100,000,000, for use by the Secretary of Defense only with the approval of the President upon notification to the Appropriations, Armed Services, and Intelligence Committees of the House and Senate. Use of the Counter-terrorism Fund shall be limited to those operational contingencies involving the threat of or use of violence directed against United States personnel or property: Provided, That these funds shall be available only to duly constituted Armed Forces and agencies of the United States and shall not be used to support, directly or indirectly, any other military or paramilitary group, movement, organization, entity, or activity.

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1985 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1986**

[Amounts in dollars]

Item (1)	1985 Appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recom- mendation (5)	Senate committee recommendation compared with (+ or -)		
					1985 Appropriation (6)	Budget estimate (7)	House allowance (8)
TITLE I							
MILITARY PERSONNEL							
Military Personnel, Army.....	21,437,593,000	22,712,000,000	21,761,423,000	21,109,765,000	-327,828,000	-1,602,235,000	-651,658,000
(Transfer from other accounts).....	(25,000,000)	-----	-----	-----	(-25,000,000)	-----	-----
Military Personnel, Navy.....	15,660,246,000	17,221,400,000	16,472,073,000	15,838,363,000	+178,117,000	-1,383,037,000	-633,710,600
(Transfer from other accounts).....	(339,633,000)	-----	-----	-----	(-339,633,000)	-----	-----
Military Personnel, Marine Corps.....	4,910,206,000	5,217,400,000	5,041,377,000	4,835,456,000	-74,750,000	-381,944,000	-205,921,000
(Transfer from other accounts).....	(10,000,000)	-----	-----	-----	(-10,000,000)	-----	-----
Military Personnel, Air Force.....	17,826,830,000	19,187,900,000	18,341,185,000	17,688,587,000	-138,243,000	-1,499,313,000	-652,598,000
(Transfer from other accounts).....	(112,854,000)	-----	-----	-----	(-112,854,000)	-----	-----
Reserve Personnel, Army.....	2,084,100,000	2,394,400,000	2,159,254,000	2,203,014,000	+118,914,000	-191,386,000	+43,760,000
Reserve Personnel, Navy.....	1,132,319,000	1,353,600,000	1,297,123,000	1,264,334,000	+132,015,000	-89,266,000	-32,789,000
(Transfer from other accounts).....	(22,000,000)	-----	-----	-----	(-22,000,000)	-----	-----
Reserve Personnel, Marine Corps.....	271,778,000	290,000,000	278,842,000	272,200,000	+422,000	-17,800,000	-6,642,000
Reserve Personnel, Air Force.....	567,476,000	622,500,000	597,153,000	583,330,000	+15,854,000	-39,170,000	-13,823,000
National Guard Personnel, Army.....	2,926,100,000	3,430,800,000	3,238,217,000	3,062,098,000	+135,998,000	-368,702,000	-176,119,000
National Guard Personnel, Air Force.....	886,110,000	995,100,000	953,204,000	926,516,000	+40,406,000	-68,584,000	-26,688,000
Total, title I, Military Personnel; New budget (obligational) authority.....	67,702,758,000	73,425,100,000	70,139,851,000	67,783,663,000	+80,905,000	-5,641,437,000	-2,356,188,000
(Transfer from other accounts).....	(509,487,000)	-----	-----	-----	(-509,487,000)	-----	-----

TITLE II

OPERATION AND MAINTENANCE

Operation and Maintenance, Army.....	18,421,544,000	20,190,630,000	18,639,630,000	19,043,039,000	4621,475,000	-1,147,591,000	+383,401,000
(Transfer from other accounts).....	(119,300,000)	---	---	---	(-119,300,000)	---	---
Operation and Maintenance, Navy.....	25,123,360,000	25,797,700,000	23,862,002,000	24,528,310,000	-595,050,000	-1,269,390,000	+666,308,000
(Transfer from other accounts).....	(180,829,000)	---	---	---	(-180,829,000)	---	---
Operation and Maintenance, Marine Corps.....	1,640,294,000	1,667,400,000	1,615,128,000	1,609,000,000	-31,294,000	-58,400,000	-6,128,000
(Transfer from other accounts).....	(8,488,000)	---	---	---	(-8,488,000)	---	---
Operation and Maintenance, Air Force.....	19,093,265,000	20,924,400,000	19,507,672,000	19,468,901,000	+375,636,000	-1,455,499,000	-38,771,000
(Transfer from other accounts).....	(90,346,000)	---	---	---	(-90,346,000)	---	---
Operation and Maintenance, Defense Agencies.....	7,148,699,000	7,568,900,000	7,140,076,000	7,479,956,000	+331,257,000	-88,944,000	+139,880,000
(Transfer from other accounts).....	(8,000,000)	---	---	---	(-8,000,000)	---	---
Operation and Maintenance, Army Reserve.....	731,736,000	779,600,000	774,980,000	793,100,000	+61,364,000	+13,500,000	+18,120,000
Operation and Maintenance, Navy Reserve.....	828,581,000	954,500,000	896,415,000	896,700,000	+68,119,000	-57,800,000	+285,000
Operation and Maintenance, Marine Corps Reserve.....	58,792,000	61,600,000	57,120,000	57,200,000	-1,592,000	-4,400,000	+80,000
Operation and Maintenance, Air Force Reserve.....	879,761,000	907,700,000	896,844,000	910,200,000	+30,439,000	+2,500,000	+13,356,000
Operation and Maintenance, Army National Guard.....	1,437,487,000	1,605,200,000	1,646,305,000	1,656,100,000	+218,613,000	+50,900,000	+9,795,000
Operation and Maintenance, Air National Guard.....	1,825,439,000	1,830,100,000	1,803,862,000	1,806,200,000	-19,239,000	-23,900,000	+2,338,000
National Board for the Promotion of Rifle Practice Army.....	926,000	920,000	820,000	920,000	-6,000	---	+100,000
Claims, Defense.....	157,900,000	158,300,000	148,300,000	143,300,000	-14,600,000	-15,000,000	-5,000,000
Court of Military Appeals, Defense.....	2,870,000	3,200,000	3,200,000	3,200,000	+330,000	---	---
Tenth International Pan American Games.....	---	---	10,000,000	10,000,000	+10,000,000	+10,000,000	---
Environmental Restoration, Defense.....	314,000,000	---	---	429,100,000	+115,100,000	+429,100,000	+429,100,000
(Internal O&M transfer account).....	---	---	(329,100,000)	---	---	---	(-329,100,000)
Total, title II, Operation and Maintenance:							
New budget (obligational) authority.....	77,664,654,000	82,450,150,000	77,222,362,000	78,835,226,000	+1,170,572,000	-3,614,924,000	+1,612,864,000
(Transfer from other accounts).....	(406,963,000)	---	---	---	(-406,963,000)	---	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1985 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1986—Continued

(Amounts in dollars)

Item (1)	1985 Appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recom- mendation (5)	Senate committee recommendation compared with (+ or -)		
					1985 Appropriation (6)	Budget estimate (7)	House allowance (8)
TITLE III							
PROCUREMENT							
Aircraft Procurement, Army.....	3,940,900,000	3,892,500,000	3,337,300,000	3,504,200,000	-436,700,000	-388,300,000	+166,900,000
(Transfer from other accounts).....	---	---	(217,600,000)	(101,800,000)	(+101,800,000)	(+101,800,000)	(-115,800,000)
Missile Procurement, Army.....	3,167,000,000	3,386,700,000	2,939,232,000	3,056,050,000	-110,950,000	-330,650,000	+116,818,000
(Transfer from other accounts).....	---	---	(124,500,000)	(49,700,000)	(+49,700,000)	(+49,700,000)	(-74,800,000)
Procurement of Weapons and Tracked Combat Vehicles, Army.....	4,548,100,000	5,739,100,000	3,749,004,000	4,629,900,000	+81,800,000	-1,109,200,000	+880,896,000
(Transfer from other accounts).....	---	---	(636,896,000)	(240,800,000)	(+240,800,000)	(+240,800,000)	(-566,096,000)
Procurement of Ammunition, Army.....	2,646,300,000	2,635,000,000	1,858,200,000	2,588,213,000	-58,087,000	-46,787,000	+730,013,000
(Transfer from other accounts).....	---	---	(215,200,000)	(209,900,000)	(+209,900,000)	(+209,900,000)	(-5,300,000)
Other Procurement, Army.....	5,122,450,000	5,712,800,000	4,809,986,000	5,172,330,000	+49,880,000	-540,470,000	+362,344,000
(Transfer from other accounts).....	---	---	(297,400,000)	(238,000,000)	(+238,000,000)	(+238,000,000)	(-59,400,000)
Aircraft Procurement, Navy.....	10,903,798,000	12,062,600,000	10,446,400,000	10,289,651,000	-614,147,000	-1,772,949,000	+156,749,000
(Transfer from other accounts).....	---	---	(594,600,000)	(566,382,000)	(+566,382,000)	(+566,382,000)	(-28,218,000)
Weapons Procurement, Navy.....	4,353,611,000	5,627,900,000	5,093,733,000	5,372,563,000	41,018,952,000	-255,337,000	+278,830,000
(Transfer from other accounts).....	---	---	(109,600,000)	(15,000,000)	(+15,000,000)	(+15,000,000)	(-94,600,000)
Shipbuilding and Conversion, Navy.....	11,736,900,000	11,411,600,000	8,648,900,000	9,598,900,000	-2,137,100,000	-1,812,700,000	+950,000,000
(Transfer from other accounts).....	(36,300,000)	---	(2,058,500,000)	(1,057,600,000)	(+1,021,300,000)	(+1,057,600,000)	(-1,000,900,000)
Other Procurement, Navy.....	5,341,614,000	6,601,200,000	5,682,694,000	6,463,560,000	+1,121,946,000	-137,640,000	+780,866,000
(Transfer from other accounts).....	---	---	(312,762,000)	(221,000,000)	(+221,000,000)	(+221,000,000)	(-91,762,000)
Coastal Defense Augmentation.....	---	---	---	375,000,000	+375,000,000	+375,000,000	+375,000,000
Procurement, Marine Corps.....	1,836,722,000	1,726,800,000	1,610,749,000	1,689,982,000	-146,740,000	-36,818,000	+479,233,000
(Transfer from other accounts).....	---	---	(85,717,000)	(31,056,000)	(+131,056,000)	(+131,056,000)	(-54,661,000)
Aircraft Procurement, Air Force.....	26,188,266,000	26,165,500,000	20,722,700,000	24,142,651,000	-2,045,615,000	-2,022,849,000	+3,419,951,000

(Transfer from other accounts).....	---	---	---	(1,458,300,000)	(648,000,000)	(648,000,000)	(1648,000,000)	(-810,500,000)
Missile Procurement, Air Force.....	6,999,245,000	10,862,700,000	---	8,043,527,000	8,643,937,000	+1,734,692,000	-2,219,763,000	+680,410,000
(Transfer from other accounts).....	(1,500,000,000)	---	---	(155,000,000)	(64,400,000)	(-1,435,600,000)	(644,400,000)	(-90,600,000)
Other Procurement, Air Force.....	8,861,697,000	9,538,000,000	---	7,890,918,000	8,831,674,000	-30,023,000	-706,326,000	+940,756,000
(Transfer from other accounts).....	---	---	---	(347,476,000)	(282,000,000)	(+282,000,000)	(+282,000,000)	(-65,476,000)
National Guard and Reserve Equipment.....	380,000,000	---	---	582,000,000	2,663,800,000	+1,683,800,000	+2,063,800,000	+1,481,800,000
(Transfer from other accounts).....	---	---	---	(8,000,000)	(178,400,000)	(+178,400,000)	(+178,400,000)	(+170,400,000)
Procurement, Defense Agencies.....	1,165,701,000	1,391,900,000	---	1,181,869,000	1,426,914,000	+261,213,000	+35,014,000	+245,045,000
(Transfer from other accounts).....	---	---	---	(36,000,000)	(36,000,000)	(+36,000,000)	(+36,000,000)	---
Defense Production Act Purchases.....	10,007,620	59,000,000	---	---	31,000,000	+21,000,000	-28,000,000	+31,000,000

Total, title III, Procurement:

New budget (obligational) authority.....	97,111,404,000	106,813,300,000	---	86,597,212,000	97,880,325,000	+768,921,000	-8,932,975,000	+11,283,113,000
(Transfer from other accounts).....	(1,536,300,000)	---	---	(6,827,551,000)	(3,940,038,000)	(+2,403,738,000)	(13,940,038,000)	(-2,887,513,000)

TITLE IV

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

Research, Development, Test, and Evaluation: Army.....	4,349,015,000	5,279,900,000	---	4,436,475,000	4,841,169,000	+492,154,000	-438,731,000	+404,694,000
(Transfer from other accounts).....	---	---	---	(110,530,000)	(265,000,000)	(+265,000,000)	(+265,000,000)	(+154,470,000)
Research, Development, Test, and Evaluation: Navy.....	9,172,622,000	11,264,300,000	---	9,462,631,000	10,104,594,000	+931,972,000	-1,159,706,000	+641,963,000
(Transfer from other accounts).....	---	---	---	(271,496,000)	(183,000,000)	(+183,000,000)	(+183,000,000)	(-88,496,000)
Research, Development, Test, and Evaluation: Air Force	13,424,147,000	15,578,500,000	---	13,217,177,000	13,861,113,000	+436,966,000	-1,717,387,000	+643,936,000
(Transfer from other accounts).....	---	---	---	(359,000,000)	(256,000,000)	(+256,000,000)	(+256,000,000)	(-103,000,000)
Research, Development, Test, and Evaluation: Defense	4,182,287,000	7,053,900,000	---	5,943,038,000	7,033,745,000	+2,851,458,000	-20,155,000	+1,090,707,000
Agencies.....	---	---	---	(179,112,000)	(51,000,000)	(+51,000,000)	(+51,000,000)	(-128,112,000)
(Transfer from other accounts).....	---	---	---	93,500,000	143,500,000	+84,500,000	+40,000,000	+50,000,000
Director of Test and Evaluation: Defense.....	59,000,000	103,500,000	---	---	---	---	---	---

Total, title IV, Research, Development, Test, and Evaluation:

New budget (obligational) authority.....	31,187,071,000	39,280,100,000	---	33,152,821,000	35,984,121,000	+4,797,050,000	-3,295,979,000	+2,831,300,000
(Transfer from other accounts).....	---	---	---	(920,138,000)	(755,000,000)	(+755,000,000)	(+755,000,000)	(-165,138,000)

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1985 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1986—Continued**

[Amounts in dollars]							
Senate committee recommendation compared with (+ or -)							
Item (1)	1985 Appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recom- mendation (5)	1985 Appropriation (6)	Budget estimate (7)	House allowance (8)
TITLE V							
SPECIAL FOREIGN CURRENCY PROGRAM							
Special foreign currency program.....	8,650,000	2,100,000	2,100,000	2,100,000	-6,550,000	---	---
TITLE VI							
REVOLVING AND MANAGEMENT FUNDS							
Army Stock Fund.....	366,448,000	442,000,000	393,000,000	393,000,000	+26,552,000	-49,000,000	---
Navy Stock Fund.....	473,307,000	716,500,000	616,500,000	638,500,000	+165,193,000	-78,000,000	+22,000,000
Marine Corps Stock Fund.....	34,908,000	42,700,000	37,700,000	37,700,000	+2,792,000	-5,000,000	---
Air Force Stock Fund.....	548,593,000	464,900,000	415,900,000	415,900,000	-132,693,000	-49,000,000	---
Defense Stock Fund.....	130,700,000	193,500,000	149,700,000	174,500,000	+43,800,000	-19,000,000	+24,800,000
ARP Management Fund.....	---	---	---	150,600,000	+150,000,000	+150,000,000	+150,000,000
Mariner Fund (Transfer from other accounts).....	---	---	---	(852,100,000)	(+852,100,000)	(+852,100,000)	(+852,100,000)
Total, title VI, Revolving and Management Funds:							
New budget (obligational) authority.....	1,553,956,000	1,859,600,000	1,612,800,000	1,809,600,000	+255,644,000	-50,000,000	+196,800,000
(Transfer from other accounts).....	---	---	---	(852,100,000)	(+852,100,000)	(+852,100,000)	(+852,100,000)

TITLE VII

RELATED AGENCIES

	20,971,000	22,283,000	22,083,000	22,283,000	22,283,000	4200,000
Intelligence Community Staff.....						
Central Intelligence Agency Retirement and Disability						
System Fund.....						
Enhanced security countermeasures capabilities.....						
	99,300,000	101,400,000	101,400,000	101,400,000	101,400,000	42,100,000
	35,000,000					-35,000,000
Total, title VII, Related Agencies:						
New budget (obligational) authority.....	155,271,000	123,683,000	123,483,000	123,683,000	123,683,000	-31,588,000
TITLE VIII						
						4200,000

TITLE VIII

GENERAL PROVISIONS

[illegible]

TITLE IX

[illegible]

RECAPITULATION

Title I - Military Personnel.....	67,702,758,000	73,425,100,000	70,139,851,000	67,783,663,000	80,905,000	-5,641,437,000	-2,356,188,000
(Transfer from other accounts).....	(509,487,000)	---	---	---	(-509,487,000)	---	---
Title II - Operation and Maintenance.....	77,664,654,000	82,450,150,000	77,222,362,000	78,835,226,000	1,170,572,000	-3,614,924,000	1,612,864,000
(Transfer from other accounts).....	(406,963,000)	---	---	---	(-406,963,000)	---	---
Title III - Procurement.....	97,111,404,000	106,813,300,000	86,597,212,000	97,880,325,000	7,68,921,000	-8,932,975,000	11,283,113,000
(Transfer from other accounts).....	(1,536,300,000)	---	(6,827,551,000)	(3,940,038,000)	(2,403,738,000)	(13,940,038,000)	(-2,887,513,000)
Title IV - Research, Development, Test, and Evaluation.....	31,187,071,000	39,280,100,000	33,152,821,000	35,984,121,000	4,797,050,000	-3,295,979,000	2,831,300,000
(Transfer from other accounts).....	---	---	(920,138,000)	(755,000,000)	(4753,000,000)	(1755,000,000)	(-165,138,000)
Title V - Special foreign currency program.....	8,650,000	2,100,060	2,100,000	2,100,000	-6,550,000	---	---

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1985 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1986—Continued**

[Amounts in dollars]							
Item (1)	1985 Appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recom- mendation (5)	Senate committee recommendation compared with (+ or -)		
					1985 Appropriation (6)	Budget estimate (7)	House allowance (8)
Title VI - Revolving and amendment funds.....	1,553,956,000	1,659,600,000	1,612,800,000	1,809,600,000	+255,644,000	-50,000,000	+196,800,000
(Transfer from other accounts).....	---	---	---	(852,100,000)	(+852,100,000)	(+852,100,000)	(+852,100,000)
Title VII - Related agencies.....	155,271,000	123,683,000	123,483,000	123,683,000	-31,588,000	---	+200,000
Title VIII - General provisions (additional transfer authority, sec. 8020).....	(1,200,000,000)	(1,200,000,000)	(1,200,000,000)	(950,000,000)	(-250,000,000)	(-250,000,000)	(-250,000,000)
Title IX - Counter-terrorism Contingency fund.....	---	---	---	100,000,000	+100,000,000	+100,000,000	+100,000,000
Total, Department of Defense (DDA).....	275,383,764,000	303,954,033,000	268,850,629,000	282,518,718,000	+7,134,954,000	-21,435,315,000	+13,668,089,000
(Transfer from other accounts).....	(2,452,750,000)	---	(7,747,689,000)	(5,547,138,000)	(+3,094,388,000)	(+5,547,138,000)	(-2,200,351,000)
Total funding available.....	277,836,514,000	303,954,033,000	276,598,318,000	288,065,856,000	+10,229,342,000	-15,888,177,000	+1,467,538,000
(Transfer authority).....	(1,200,000,000)	(1,200,000,000)	(1,200,000,000)	(950,000,000)	(-250,000,000)	(-250,000,000)	(-250,000,000)
Distribution by organizational component:							
Army.....	71,179,699,000	78,201,550,000	69,763,834,000	72,052,898,000	4873,199,000	-6,148,652,000	+2,289,064,000
(Transfer from other accounts).....	(144,300,000)	---	(1,772,126,000)	(1,105,200,000)	(+960,900,000)	(+1,105,200,000)	(-666,926,000)
Navy.....	93,478,158,000	102,017,200,000	91,119,387,000	93,872,013,000	+393,855,000	-8,145,187,000	+2,752,626,000
(Transfer from other accounts).....	(597,250,000)	---	(3,432,675,000)	(2,074,038,000)	(+1,476,788,000)	(+2,074,038,000)	(-1,358,637,000)
Air Force.....	97,010,829,000	107,077,300,000	92,390,142,000	97,279,009,000	+268,180,000	-9,798,291,000	+4,888,867,000
(Transfer from other accounts).....	(1,703,200,000)	---	(2,319,776,000)	(1,250,400,000)	(-452,800,000)	(+1,250,400,000)	(-1,069,376,000)
Defense Agencies/OSD.....	13,179,807,000	16,534,300,000	14,871,783,000	17,127,315,000	+3,947,508,000	+593,015,000	+2,255,532,000
(Transfer from other accounts).....	(8,000,000)	---	(215,112,000)	(939,100,000)	(+931,100,000)	(+939,100,000)	(+723,988,000)
Reserve & National Guard (procurement).....	380,000,000	---	562,000,000	2,063,800,000	+1,683,800,000	+2,063,800,000	+1,481,800,000
(Transfer from other accounts).....	---	---	(8,000,000)	(178,400,000)	(+178,400,000)	(+178,400,000)	(+170,400,000)

Related agencies.....	155,271,000	123,483,000	123,483,000	-31,588,000	---	+200,000
Total, Department of Defense (DDM).....	275,383,764,000	303,954,033,000	268,850,629,000	282,518,718,000	-21,435,315,000	+13,668,089,000
(Transfer from other accounts).....	(2,452,750,000)	---	(7,747,689,000)	(5,547,138,000)	(+3,094,388,000)	(-2,200,531,000)
Total funding available.....	277,836,514,000	303,954,033,000	276,598,318,000	288,065,856,000	+10,229,342,000	+11,467,538,000
(Transfer authority).....	(1,200,000,000)	(1,200,000,000)	(1,200,000,000)	(950,000,000)	(-250,000,000)	(-250,000,000)

NOTICE: In lieu of a star print, errata are printed to indicate corrections to the original report.

Calendar No. 393

99TH CONGRESS }
1st Session

SENATE

{ REPORT
99-176

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1986

NOVEMBER 6 (legislative day, NOVEMBER 4), 1985.—Ordered to be printed

Mr. STEVENS, from the Committee on Appropriations,
submitted the following

R E P O R T

[To accompany H.R. 3629]

The Committee on Appropriations, to which was referred the bill (H.R. 3629) making appropriations for the Department of Defense for the fiscal year ending September 30, 1986, and for other purposes, reports the same to the Senate with various amendments. Information is herewith presented relative to changes made:

Errata

Page 12, preceding the centerhead "*MARINER FUND*" insert the following:

In title IV of the bill—

"Research, Development, Test, and Evaluation, Air Force":
\$13,861,113,000.

"Research, Development, Test, and Evaluation, Defense Agencies":
\$7,033,745,000.

"Director, Test and Evaluation, Defense": \$143,500,000.

In title VI of the bill—

Page 33, correct the "Selective reenlistment bonus" line in the table by deleting "-2,500" and inserting "101,753".

5183-19

Page 38, correct the "Air National Guard" line in the table to read as follows:

Air National Guard	1,830,100	1,803,862	1,806,200	- 23,900	+ 2,338
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Page 38, correct the "Grand total, Operation and Maintenance" line at the bottom of the table to read as follows:

Grand total, Operation and Maintenance	82,450,150	77,222,362	78,835,226	- 3,614,914	+ 1,612,864
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Page 41, in the paragraph preceding the centerhead "MEDICAL PROGRAMS", correct the number after "Air Force," to read "5,775" and correct the number after "Defense Agencies," to read "3,950".

Page 87, in the table under the "Committee recommendation" column, delete "97,983,719" and insert "97,880,325".

Page 87, under the centerhead "RECOMMENDATIONS FOR THE ACTIVE FORCE", on the fourth line after the word "Army", delete "Reserve" and insert "National Guard".

Page 177, in the table under "RESTORED HOUSE REDUCTIONS", after the third line insert the following new line:

Bigeye bomb	21,531,000		21,531,000
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Page 177, in the table under "RESTORED HOUSE REDUCTIONS", delete the fourth line:

Acft rearming equip	78,995,000	46,995,000	56,995,000
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Page 178, in the table after the 12th line insert the following new line:

Low cost sonobuoy	11,080,000	46,080,000	+ 35,000,000
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Page 213, in the fourth paragraph, third line, delete the word "roughly".

Page 214, in the second table under "RESTORED HOUSE REDUCTIONS", after the second line insert the following two new lines:

30 mm API	30,613	19,813	30,613
Bigeye bomb	22,115		22,115

Page 218, in the table under "Reserve, Army:" correct the "General reduction" line by deleting "- 150,000" in each column and inserting in lieu thereof in each column "- 150,400".

Page 277, last paragraph, delete "submitted" and insert "supported".

Page 354, third paragraph, delete "971" and insert "917".